

DRAFT ANNUAL BUDGET OF

# **NGWATHE LOCAL MUNICIPALITY**

2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	Litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

To be inserted

### 1.2 Council Resolutions

To be inserted

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives.

National Treasury's MFMA Circular No. 70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – Endless list of legitimate capital project to address backlogs against limited resources to fund the capital projects; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
R thousand	2013/14	2014/15	2015/16	2016/17
Total Operating Revenue	428992	480928	502772	518517
Total Operating Expenditure	437913	587461	609603	638947
<i>Surplus/ (Deficit) for the year</i>	-8921	-106533	-106831	-120429
Total Capital Expenditure	95289	64191	47007	48744

Total operating revenue has grown substantially by 12.41 per cent or R53.2 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 4.3 and 3.04 per cent respectively, equating to a total revenue growth of R1.5 billion over the MTREF.

Total operating expenditure for the 2014/15 financial year has been appropriated at R587.5 million and translates into a budgeted deficit of R106.5 million (excluding non-cash items, the municipality is budgeting for a surplus of R28.5million). When compared to the 2013/14 Adjustments Budget, operational expenditure has increased by 34.2 per cent in the 2014/15 budget, this is largely due to the significantly increased provision for depreciation.

The capital budget of R64.2 million for 2014/15 is 28.11 per cent less when compared to the 2013/14 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances.

A substantial portion (69.9 per cent) of the capital budget will be funded from National grants over MTREF. Internally generated funds will contribute 30.1 per cent of capital expenditure in the 2014/15 financial year.

## 1.4 Operating Revenue Framework

For Ngwathe Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipal area and continued economic development;
- Sustainable revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	52 341	68 562	48 723	48 489	48 489	–	–	51 297	54 067	56 986
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	78 201	70 468	132 624	133 997	113 997	–	–	145 557	153 417	161 702
Service charges - water revenue	2	22 503	31 208	67 638	35 685	35 685	–	–	40 111	42 276	44 559
Service charges - sanitation revenue	2	24 419	28 433	30 205	33 068	33 068	–	–	37 057	39 058	41 168
Service charges - refuse revenue	2	21 607	24 757	25 692	27 971	27 971	–	–	35 148	37 045	39 046
Service charges - other		(14 372)	–	–	3 817	2 317	–	–	–	–	–
Rental of facilities and equipment		1 574	252	2 291	2 242	1 742	–	–	1 420	1 497	1 578
Interest earned - external investments		13 447	575	1 435	575	2 275	–	–	–	–	–
Interest earned - outstanding debtors		–	17 103	20 008	9 251	2 251	–	–	2 500	2 635	2 777
Dividends received		–	–	–	1	1	–	–	–	–	–
Fines		1 113	775	1 097	2 430	730	–	–	1 000	1 054	1 111
Licences and permits		–	–	–	–	–	–	–	1	1	1
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		126 766	160 047	156 259	159 631	159 631	–	–	163 765	168 563	166 342
Other revenue	2	4 038	2 137	1 728	834	834	–	–	3 074	3 159	3 249
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>331 637</b>	<b>404 317</b>	<b>487 698</b>	<b>457 992</b>	<b>428 992</b>	<b>–</b>	<b>–</b>	<b>480 928</b>	<b>502 772</b>	<b>518 517</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description R thousand	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Revenue By Source</b>								
Property rates	48 489	11%	51 297	11%	54 067	11%	56 986	11%
Property rates - penalties & collection charges								
Service charges - electricity revenue	113 997	27%	145 557	30%	153 417	31%	161 702	31%
Service charges - water revenue	35 685	8%	40 111	8%	42 276	8%	44 559	9%
Service charges - sanitation revenue	33 068	8%	37 057	8%	39 058	8%	41 168	8%
Service charges - refuse revenue	27 971	7%	35 148	7%	37 045	7%	39 046	8%
Service charges - other	2 317	1%	-		-		-	
Rental of facilities and equipment	1 742	0%	1 420	0%	1 497	0%	1 578	0%
Interest earned - external investments	2 275	1%	-	0%	-		-	
Interest earned - outstanding debtors	2 251	1%	2 500	1%	2 635	1%	2 777	1%
Dividends received	1	0%	-		-		-	
Fines	730	0%	1 000	0%	1 054	0%	1 111	0%
Licences and permits	-		1	0%	1	0%	1	0%
Agency services	-		-		-		-	
Transfers recognised - operational	159 631	37%	163 765	34%	168 563	34%	166 342	32%
Other revenue	834	0%	3 074	1%	3 159	1%	3 249	1%
Gains on disposal of PPE								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>428 992</b>	<b>100%</b>	<b>480 928</b>	<b>100%</b>	<b>502 772</b>		<b>518 517</b>	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges totalled R261.5 million or 60.96 per cent. This increases to R309.1 million, R325.9 million and R343.6 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 60.96 per cent in 2013/14 to 64.38 per cent in 2014/15. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the third largest revenue source totalling 11 per cent or R51.2 million rand and increases to R56.9 million by 2016/17.

The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R159.6 million in the 2013/14 financial year and steadily increases to R166.3 million by 2016/17. Note that the year-on-year growth for the 2014/15

financial year is 2.5 per cent. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
<b>Operating Transfers and Grants</b>									
National Government:	128 766	141 013	157 276	159 631	159 631	159 631	163 765	168 563	166 342
Local Government Equitable Share	126 766	137 311	153 983	156 191	156 191	156 191	160 231	165 946	163 623
EPWP Incentive		1 462	993	1 000	1 000	1 000	1 000	-	-
Municipal Systems Improvement	1 000	790	800	890	890	890	934	967	1 019
Finance Management	1 000	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Other transfers/grants [insert description]									
Provincial Government:	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
<b>Total Operating Transfers and Grants</b>	<b>128 766</b>	<b>141 013</b>	<b>157 276</b>	<b>159 631</b>	<b>159 631</b>	<b>159 631</b>	<b>163 765</b>	<b>168 563</b>	<b>166 342</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.



National Treasury's MFMA Circular No. 72 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R10 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - occupy the property as his/her normal residence;
  - be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
  - be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
  - not be the owner of more than one property; and
  - provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
  - a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
  - sufficient proof of income of the owner and his/her spouse;
  - an affidavit from the owner;
  - if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 5.79 per cent increase from 1 July 2014 is contained below:

**Table 5 Comparison of proposed rates to levied for the 2014/15 financial year**

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	<b>c</b>	<b>C</b>
Residential properties	0.0099	0.0105
State owned properties	0.0248	0.0263
Business & Commercial	0.0186	0.0197
Agricultural	0.0099	0.0105
Vacant land	0.0099	0.0105
Schools	0.0248	0.0263
Public service infrastructure	0.0099	0.0105

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

With the current water and electricity supply challenges facing the municipality and the country at large, since demand growth outstrips supply. National Treasury has in the past encouraged all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 5.79 per cent from 1 July 2014 for water is proposed. This is based on input cost assumptions of the increase in the cost of bulk water (Rand Water), the cost of other inputs increasing by 6.79 per cent. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6 Proposed Water Tariffs**

Schedule (b) Water Tariffs excluding VAT	Tariff Codes Services	Parys/Heibron/Vredefort/Koppies/Edenville				
			2013/2014	2014/2015	VAT%	TOTAL
Residential/Church - Conv	BW001	Basic	35.82	37.89	5.31	43.20
0 - 6		Free Cons		-	-	-
7 - 20	WA001	0 - 6	-	-	-	-
21 - 30	WA001	7 - 20	7.23	7.65	1.07	8.72
31 - >	WA001	21 - 30	7.34	7.76	1.09	8.85
		31 - >	7.44	7.87	1.10	8.97
Business (per Business)	BW002	Basic	115.04	121.70	17.04	138.74
	WA002	Cons	7.23	7.65	1.07	8.72
Without meters	BW002	Basic	115.04	121.70	17.04	138.74
				-	-	-
Bulk/Government/Schools	BW004	Basic	115.03	121.69	17.04	138.73
	WA004	Cons	7.23	7.65	1.07	8.72
				-	-	-
Industrial	BW009	Basic	74.98	79.32	11.11	90.43
	WA009	Cons	7.23	7.65	1.07	8.72
				-	-	-
Small Business(Business from Home)	BW010	Basic	57.07	60.38	8.45	68.83
	WA015	Cons	7.23	7.65	1.07	8.72
				-	-	-
Municipal	WA005	Cons	7.23	7.65	1.07	8.72
				-	-	-
Sewerage	WA013	Cons	4.28	4.52	0.63	5.16
				-	-	-
Unpurified	WA014	Cons	4.28	4.52	0.63	5.16
				-	-	-
Sports Organisations	WA007	Cons	7.23	7.65	1.07	8.72
				-	-	-
Vacant stands	BW000	Basic	76.10	80.50	11.27	91.77
				-	-	-

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

A proposed 7.39 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 6 per cent. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent will receive on 5kWh free in line with the phasing out of free electricity to non-indigents strategy adopted by the municipality.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the municipality's reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. The municipality needs to explore other means of financing the required upgrades.

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.79 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water.

The following table compares the current and proposed tariffs:

**Table 7 Comparison between current sanitation charges and increases**

Schedule 6(d) Sewerage Tariffs excluding VAT	Parys/Hebron/Vredefort/Koppies/Edenville					
	Tariff Codes	Services	2013/2014	2014/2015	VAT%	TOTAL
Residential:	SE001	Waterborne (per household)	75.78	80.16	11.22	91.39
	SEBS	Bucket System	38.39	40.62	5.69	46.30
	SEST	Suction Tank	74.70	79.03	11.06	90.09
Schools/Government	SE008	Per point	127.75	135.15	18.92	154.07
Businesses/Hostels	SE002	Per Business/Unit/Empty Business	245.58	259.80	36.37	296.17
	SEH011	Clover				
	SEH012	Simba				
Khaya Ebubhesi	Sundry	Khaya Ebubhesi Per Dumping As Per Council Resolution	379.64	401.62	56.23	457.85
Small Business (Business From Home)	SEH016	Waterborne per shop	95.76	101.31	14.18	115.49
Sport Organisations	SE007	Per Point	107.58	113.81	15.93	129.74
Departmental (Municipal)	SE005	Per Point	94.40	99.87	13.98	113.85
Vacant Stands	SE000		100.22	106.02	14.84	120.86
Abattoir	SE003		2 685.60	2 841.09	397.75	3 238.85
Churches and Welfare Organisations	SE013	Fixed basic charge	94.40	99.87	13.98	113.85
Bulk	SE004	Per point	85.86	90.84	12.72	103.55
Holiday Resorts/Hotels/Guest Houses	SE006	Per Point	94.86	100.35	14.05	114.40
Old Aged Homes:	SE009	Clinic/Rooms Per Point	59.01	62.42	8.74	71.16
	SE010	Flats/Houses Per Unit	95.77	101.31	14.18	115.50

#### 1.4.5 Waste Removal and Impact of Tariff Increases

It is widely accepted that the rendering of the waste removal service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, hiring of plant, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the above, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5.79 per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15. Any increase higher than 5.79 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

**Table 8 Comparison between current waste removal fees and increases**

Refuse Tariffs excluding VAT		Tariff Codes Services	2013/14	2014/15	VAT%	TOTAL
Residential		RF001	71.92	76.09	10.65	86.74
Holiday Resorts	/Cottage	RF016	28.17	29.80	4.17	33.97
Office considered as 1 Cottage	/Caravan Stand	RF017	14.17	14.99	2.10	17.09
Churches and Welfare		RF018	71.60	75.75	10.60	86.35
Small Business(Business From Home)		RF020	71.60	75.75	10.60	86.35
Municipal		RF005	55.01	58.20	8.15	66.35
Sports Clubs		RE007	23.69	25.06	3.51	28.57
Industrial	Large	RE009	325.55	344.40	48.22	392.62
Businesses Restaurants, café's,	1	RF002	103.86	109.87	15.38	125.26
	2		156.12	165.16	23.12	188.28
	3-99999999		233.83	247.37	34.63	282.00
Government properties	1-999999		237.93	251.71	35.24	286.94
Hotels, Supermarkets	0-2	RF015	470.81	498.07	69.73	567.80
Hospitals, Country Club, Guest Houses	3-99999999		70.85	74.95	10.49	85.44
Old Aged Homes	1	RF019	33.37	35.30	4.94	40.25
Hostels	2-99999999		6.81	7.21	1.01	8.22
Bulk Government	1	RF004	447.55	473.46	66.28	539.75
	2-99999999		67.34	71.24	9.97	81.22
Schools	1	RF008	447.55	473.46	66.28	539.75
	2-99999999		67.34	71.24	9.97	81.22

#### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 12.3 and 14 per cent, with the increase for indigent households at 12.8 per cent.

**Table 9 MBRR Table SA14 – Household bills**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			363.66	385.11	406.68	406.68	406.68		531.56	560.26	590.52
Electricity: Basic levy									-	-	-
Electricity: Consumption			1,052.88	1,141.44	1,232.76	1,232.76	1,232.76		1,363.15	1,436.76	1,514.35
Water: Basic levy			32.00	33.89	35.79	35.79	35.79		43.20	45.53	47.99
Water: Consumption			157.51	166.80	176.14	176.14	176.14		184.60	194.57	205.08
Sanitation			67.70	71.69	75.71	75.71	75.71		80.09	84.41	88.97
Refuse removal			64.26	68.05	71.86	71.86	71.86		76.09	80.20	84.53
Other									-	-	-
sub-total		-	1,738.01	1,866.99	1,998.94	1,998.94	1,998.94	14.0%	2,278.69	2,401.74	2,531.43
VAT on Services									242.27	255.35	269.14
Total large household bill:		-	1,738.01	1,866.99	1,998.94	1,998.94	1,998.94	26.1%	2,520.96	2,657.09	2,800.57
% increase/-decrease			-	7.4%	7.1%	-	-		26.1%	5.4%	5.4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates			363.66	385.11	406.68	406.68	406.68		374.06	394.26	415.55
Electricity: Basic levy									-	-	-
Electricity: Consumption			412.48	446.60	477.86	477.86	477.86		678.15	714.77	753.37
Water: Basic levy			32.00	33.89	35.79	35.79	35.79		43.20	45.53	47.99
Water: Consumption			157.51	166.80	176.14	176.14	176.14		145.90	153.78	162.08
Sanitation			67.70	71.69	75.71	75.71	75.71		80.09	84.41	88.97
Refuse removal			64.26	68.05	71.86	71.86	71.86		76.09	80.20	84.53
Other									-	-	-
sub-total		-	1,097.61	1,172.15	1,244.04	1,244.04	1,244.04	12.3%	1,397.49	1,472.95	1,552.49
VAT on Services									142.39	150.08	158.18
Total small household bill:		-	1,097.61	1,172.15	1,244.04	1,244.04	1,244.04	23.8%	1,539.88	1,623.03	1,710.68
% increase/-decrease			-	6.8%	6.1%	-	-		23.8%	5.4%	5.4%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates			191.14	202.41	213.75	213.75	213.75	#NAME?	216.56	228.25	240.58
Electricity: Basic levy									-	-	-
Electricity: Consumption			357.38	387.44	418.44	418.44	418.44	#NAME?	411.00	433.19	456.59
Water: Basic levy			32.00	33.89	35.79	35.79	35.79	#NAME?	43.20	45.53	47.99
Water: Consumption			90.44	95.78	101.14	101.14	101.14	#NAME?	107.10	112.88	118.98
Sanitation			67.70	71.69	75.71	75.71	75.71	#NAME?	80.09	84.41	88.97
Refuse removal			64.26	68.05	71.86	71.86	71.86	#NAME?	76.09	80.20	84.53
Other									-	-	-
sub-total		-	802.92	859.26	916.69	916.69	916.69	1.9%	934.04	984.48	1,037.64
VAT on Services									99.89	105.28	110.97
Total small household bill:		-	802.92	859.26	916.69	916.69	916.69	12.8%	1,033.93	1,089.76	1,148.61
% increase/-decrease			-	7.0%	6.7%	-	-		12.8%	5.4%	5.4%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan (informed by the municipal master plans);
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 10 Summary of operating expenditure by standard classification item**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Expenditure By Type</b>										
Employee related costs	117 048	119 273	173 707	132 068	131 270	–	–	138 895	146 645	154 891
Remuneration of councillors	8 314	8 615	9 047	9 793	9 793			10 442	11 006	11 600
Debt impairment	18 959	49 058	59 461	43 198	43 198			40 000	42 160	44 437
Depreciation & asset impairment	112 461	98 144	97 195	2 200	2 200	–	–	95 000	90 000	90 000
Finance charges	6 379	10 389	3 274	2 900	2 900			3 000	2 500	2 000
Bulk purchases	111 659	114 069	128 866	152 157	152 157	–	–	163 401	173 859	184 986
Other materials	16 258	–	–	–	–	–	–	10 100	10 645	11 220
Contracted services	3 833	1 884	8 507	15 880	16 880	–	–	15 300	15 453	16 142
Transfers and grants	–	–	–	38 526	18 526	–	–	38 526	40 607	42 800
Other expenditure	51 079	103 929	123 696	61 271	60 989	–	–	72 797	76 728	80 872
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>445 990</b>	<b>505 361</b>	<b>603 752</b>	<b>457 992</b>	<b>437 913</b>	<b>–</b>	<b>–</b>	<b>587 462</b>	<b>609 603</b>	<b>638 947</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R138.8 million, which equals 23.6 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.79 per cent for the 2014/15 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 75 per cent and the Debt Write-off Policy of the City. For the 2014/15 financial year this amount equates to R40 million and escalates to R44.4 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R95 million for the 2014/15 financial and equates to 16.1 per cent of the total operating expenditure. Note that the

implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.51 per cent (R3 million) of operating expenditure for 2014/15 and decrease to R2 million by 2016/17.

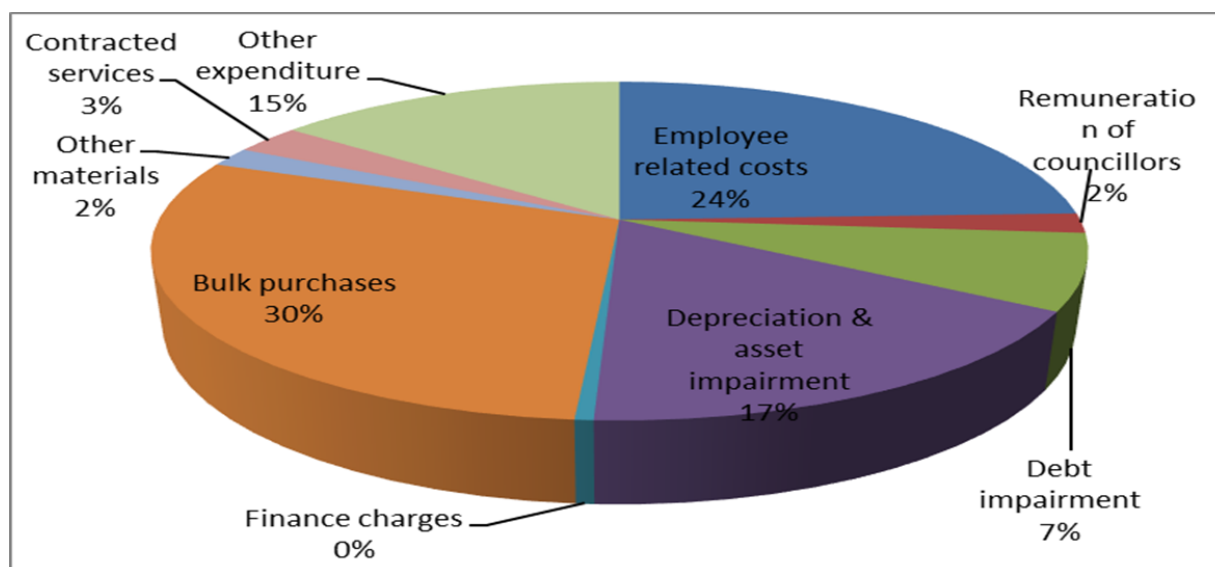
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of the purchase of fuel, diesel, and chemicals. For 2014/15 the appropriation against this group of expenditure is R10.1 million.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R15.3 million and has been decreased by just 10.3 per cent, clearly demonstrating the application of cost efficiencies

Other expenditure comprises of various line items relating to the daily operations of the municipality.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.



**Figure 1 Main operational expenditure categories for the 2014/15 financial year**



### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 11 Operational repairs and maintenance**

Repairs and Maintenance	8									
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure		36 762	20 977	20 220	21 215			14 940	15 747	16 597
Total Repairs and Maintenance Expenditure	9	36 762	-	20 977	20 220	21 215	-	14 940	15 747	16 597

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. During the 2013/14 financial year, the municipality had incorrectly budgeted for the purchase of operational assets under repairs and maintenance incorrectly. This was corrected during the 2014/15 budget process, hence the sharp decline in the repairs and maintenance budget compared to the 2013/14 financial year.

The total allocation for 2014/15 equates to R14.9 million, the allocation grows at 5.4 and 5.4 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 2.5, 2.5 and 2.6 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 12 Repairs and maintenance per asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	25,452	12,685	12,838	6,800	7,350	7,350	7,350	7,747	8,165
Infrastructure - Road transport	5,769	2,916	1,859	1,300	1,100	1,100	3,000	3,162	3,333
Infrastructure - Electricity	6,350	3,210	3,574	1,800	2,000	2,000	2,000	2,108	2,222
Infrastructure - Water	3,557	1,617	1,731	2,200	2,600	2,600	1,600	1,686	1,777
Infrastructure - Sanitation	4,446	2,247	2,596	1,400	1,550	1,550	500	527	555
Infrastructure - Other	5,330	2,694	3,079	100	100	100	250	264	278
<b>Community</b>	8,522	4,098	1,690	810	1,010	1,010	1,840	1,939	2,044
<b>Other assets</b>	2,784	1,798	6,449	12,616	12,861	12,861	5,750	5,750	6,061
<b>Total Repairs and Maintenance Expend</b>	<b>36,762</b>	<b>18,581</b>	<b>20,977</b>	<b>20,226</b>	<b>21,221</b>	<b>21,221</b>	<b>14,940</b>	<b>15,747</b>	<b>16,597</b>

For the 2014/15 financial year, 49.2 per cent or R7.4 million of total repairs and maintenance will be spent on infrastructure assets. Road infrastructure has received a significant proportion of this allocation totalling 40.81 per cent (R3 million), followed by Electricity infrastructure at 27.21 per cent (R 2 million), water at 21.76 per cent (R1.6 million) and other at 10.2 per cent (R750 000). Community assets has been allocated R1.8 million of total repairs and maintenance equating to 12.3 per cent.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 13 2014/15 Medium-term capital budget per vote**

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>			
<b>Capital Expenditure - Standard</b>			
<i>Governance and administration</i>	5,000	–	–
<i>Community and public safety</i>	12,241	6,385	–
<i>Economic and environmental services</i>	2,878	12,321	–
<i>Trading services</i>	42,078	26,250	–
<i>Other</i>	1,994	2,050	–
<b>Total Capital Expenditure - Standard</b>	<b>64,191</b>	<b>47,007</b>	<b>–</b>

For 2014/15 an amount of R38.9 million has been appropriated for the development of infrastructure which represents 60.6 per cent of the total capital budget. Waste water Management receives the highest allocation of R817.9 million in 2014/15 which equates to 28 per cent followed by water infrastructure at 20 per cent, R13 million and then Electricity at 12 per cent, R8 million.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Project Description	Project Value	Expenditure as at 30 June 2014	Planned MIG Expenditure for 2014/2015
Ngwathe PMU: 2013/2014	1,994,050.00	-	1,994,050.00
Heilbron: Upgrading of sewer treatment works (ID-158007)	56,430,000.00	40,653,185.63	4,500,000.00
Parys: Upgrading of sewer treatment works	85,500,000.00	38,685,917.21	1,100,000.00
Parys: Refurbishment and upgrading of Water Treatment Works Phase 3 (MIS:171059)	31,895,731.00	20,920,223.27	7,625,508.73
Koppies: Refurbishment of the tennis court.	1,000,000.00	940,000.00	60,000.00
Phiritona: Construction of the Sports Complex	4,200,000.00	4,159,296.34	40,703.66
Schonkenville: Refurbishment of the sports complex	4,622,112.43	4,412,112.43	210,000.00
Edenville: Paving of internal roads 1km.	6,558,951.35	6,236,951.35	321,999.65
Koppies: Paving of internal roads 1km.	6,558,951.00	6,236,951.35	321,999.65
Ngwathe (Edenville): Upgrading of sports ground	5,493,550.00	-	-
Kwakwatsi (Koppies): Construction of sports facility	7,411,935.00	-	5,670,000.00
Parys: Upgrade of low level bridge in Mandela Section, Tumahole	4,184,222.56	1,700,000.00	2,234,222.56
Vredefort: Sewer connections for 1625 stands	27,896,966.85	13,491,145.87	6,500,000.00
Construction of a solid waste disposal site in Heilbron	6,500,000.00	-	6,200,000.00
Construction of a solid waste disposal site in Parys	11,500,000.00		3,102,515.75

## **1.7 Annual Budget Tables - Parent Municipality**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as tabled at Council. Each table is accompanied by *explanatory notes*.

Table 14 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	52,341	68,562	48,723	48,489	48,489	48,489	-	51,297	54,067	56,986
Service charges	132,358	154,866	256,157	234,538	213,038	215,755	-	257,872	271,797	286,474
Investment revenue	13,447	575	1,435	575	2,275	2,275	-	-	-	-
Transfers recognised - operational	126,766	160,047	156,259	159,631	159,631	159,631	-	163,765	168,563	166,342
Other own revenue	6,725	20,267	25,123	14,758	5,558	5,558	-	7,995	8,345	8,715
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>331,637</b>	<b>404,317</b>	<b>487,698</b>	<b>457,992</b>	<b>428,992</b>	<b>431,709</b>	<b>-</b>	<b>480,928</b>	<b>502,772</b>	<b>518,517</b>
Employee costs	117,048	119,273	173,707	132,068	131,270	131,270	-	138,895	146,645	154,891
Remuneration of councillors	8,314	8,615	9,047	9,793	9,793	9,793	-	10,442	11,006	11,600
Depreciation & asset impairment	112,461	98,144	97,195	2,200	2,200	2,200	-	95,000	90,000	90,000
Finance charges	6,379	10,389	3,274	2,900	2,900	2,900	-	3,000	2,500	2,000
Materials and bulk purchases	127,917	114,069	128,866	152,157	152,157	152,157	-	173,501	184,504	196,206
Transfers and grants	-	-	-	38,526	18,526	18,526	-	38,526	40,607	42,800
Other expenditure	73,871	154,871	191,664	120,349	121,067	121,067	-	128,097	134,342	141,450
<b>Total Expenditure</b>	<b>445,990</b>	<b>505,361</b>	<b>603,752</b>	<b>457,992</b>	<b>437,913</b>	<b>437,913</b>	<b>-</b>	<b>587,462</b>	<b>609,603</b>	<b>638,947</b>
<b>Surplus/(Deficit)</b>	<b>(114,353)</b>	<b>(101,044)</b>	<b>(116,055)</b>	<b>(0)</b>	<b>(8,921)</b>	<b>(6,204)</b>	<b>-</b>	<b>(106,533)</b>	<b>(106,831)</b>	<b>(120,430)</b>
Transfers recognised - capital	-	-	45,939	67,889	67,889	67,889	-	44,881	47,007	48,744
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(114,353)</b>	<b>(101,044)</b>	<b>(70,115)</b>	<b>67,889</b>	<b>58,968</b>	<b>61,685</b>	<b>-</b>	<b>(61,652)</b>	<b>(59,824)</b>	<b>(71,686)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(114,353)</b>	<b>(101,044)</b>	<b>(70,115)</b>	<b>67,889</b>	<b>58,968</b>	<b>61,685</b>	<b>-</b>	<b>(61,652)</b>	<b>(59,824)</b>	<b>(71,686)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>3,956</b>	<b>8,281</b>	<b>-</b>	<b>73,889</b>	<b>95,289</b>	<b>89,289</b>	<b>-</b>	<b>64,191</b>	<b>47,007</b>	<b>-</b>
Transfers recognised - capital	3,759	7,522	-	67,889	89,289	89,289	-	44,881	47,007	48,744
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	6,000	6,000	-	-	-	-	-
Internally generated funds	197	759	-	-	-	-	-	19,310	-	-
<b>Total sources of capital funds</b>	<b>3,956</b>	<b>8,281</b>	<b>-</b>	<b>73,889</b>	<b>95,289</b>	<b>89,289</b>	<b>-</b>	<b>64,191</b>	<b>47,007</b>	<b>48,744</b>
<b>Financial position</b>										
Total current assets	195,225	289,843	141,691	412,922	412,922	412,922	329,298	347,739	366,517	386,309
Total non current assets	1,376,872	1,286,967	1,118,769	1,280,737	1,280,737	1,280,737	1,272,296	1,237,232	1,192,234	916,961
Total current liabilities	200,527	281,366	285,569	247,900	247,900	241,900	288,135	301,631	313,206	322,189
Total non current liabilities	51,499	53,896	-	50,896	50,896	20,467	51,766	42,820	41,664	42,053
Community wealth/Equity	1,320,070	1,218,045	-	68,079	68,079	67,889	1,261,692	1,240,520	1,203,880	939,029
<b>Cash flows</b>										
Net cash from (used) operating	36,206	35,168	20,191	41,982	52,118	52,118	-	38,151	62,244	51,880
Net cash from (used) investing	(6,196)	(8,281)	(1,407)	(73,889)	(95,289)	(89,289)	-	(64,213)	(47,007)	(48,744)
Net cash from (used) financing	(3,200)	(424)	(2,032)	3,100	3,100	(2,900)	-	(3,000)	(2,500)	(2,000)
<b>Cash/cash equivalents at the year end</b>	<b>3,099</b>	<b>29,562</b>	<b>46,315</b>	<b>17,508</b>	<b>6,244</b>	<b>6,244</b>	<b>46,315</b>	<b>17,253</b>	<b>29,990</b>	<b>31,125</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	3,757	38,836	1,240	41,850	41,850	41,850	48,702	51,430	54,207	57,134
Application of cash and investments	34,665	130,534	184,185	23,945	19,831	21,645	275,092	63,937	47,341	43,573
<b>Balance - surplus (shortfall)</b>	<b>(30,908)</b>	<b>(91,699)</b>	<b>(182,945)</b>	<b>17,905</b>	<b>22,019</b>	<b>20,205</b>	<b>(226,390)</b>	<b>(12,508)</b>	<b>6,866</b>	<b>13,561</b>
<b>Asset management</b>										
Asset register summary (WDV)	152,718	1,383,050	1,283,164	1,509,771	1,509,771	1,509,771	1,569,661	1,569,661	1,614,617	1,429,296
Depreciation & asset impairment	112,461	98,144	97,195	2,200	2,200	2,200	95,000	95,000	90,000	90,000
Renewal of Existing Assets	32,029	-	42,616	38,985	38,985	32,985	32,985	16,374	-	-
Repairs and Maintenance	36,762	18,581	20,977	20,226	21,221	21,221	14,940	14,940	15,747	16,597
<b>Free services</b>										
Cost of Free Basic Services provided	57,500	57,500	-	-	-	-	3,174	3,174	3,345	3,525
Revenue cost of free services provided	57,511	57,511	-	38,526	18,526	18,526	38,526	38,526	40,606	42,799
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	3	3	-	3	3	3	1	1	1	1
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts tabled at Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from the current operating surplus.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

**Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		168,212	222,520	265,409	210,049	203,249	203,249	218,046	225,695	226,477
Executive and council		3,806	-	-	5,355	5,355	5,355	-	-	-
Budget and treasury office		162,730	221,383	264,037	203,180	197,380	197,380	217,743	225,376	226,140
Corporate services		1,677	1,137	1,371	1,515	515	515	303	319	337
<i>Community and public safety</i>		4,100	1,336	1,612	4,854	2,654	2,654	2,733	2,881	3,036
Community and social services		1,245	561	677	1,352	852	852	920	970	1,022
Sport and recreation		2,077	-	-	1,541	1,541	1,541	1,008	1,062	1,120
Public safety		777	775	935	1,961	261	261	805	848	894
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,290	131	158	59	59	59	1,530	1,612	1,699
Planning and development		1,287	131	158	54	54	54	1,528	1,610	1,697
Road transport		3	-	-	5	5	5	2	2	2
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		157,771	180,330	220,519	243,030	223,030	225,747	258,619	272,585	287,304
Electricity		107,453	95,932	118,716	135,143	115,143	115,143	146,052	153,939	162,251
Water		14,683	31,208	37,644	46,848	46,848	46,848	40,311	42,487	44,782
Waste water management		20,531	28,433	34,297	33,068	33,068	35,785	37,109	39,113	41,225
Waste management		15,104	24,757	29,863	27,971	27,971	27,971	35,148	37,045	39,046
<i>Other</i>	4	264	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	331,637	404,317	487,697	457,992	428,992	431,709	480,928	502,772	518,517
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		150,205	170,200	203,337	175,196	153,018	153,018	189,947	197,105	206,570
Executive and council		38,289	43,386	51,833	40,129	38,256	38,256	45,280	46,986	49,226
Budget and treasury office		88,108	99,837	119,275	116,569	95,512	95,512	122,628	127,249	133,374
Corporate services		23,808	26,977	32,229	18,497	19,251	19,251	22,038	22,870	23,970
<i>Community and public safety</i>		43,726	49,546	59,194	40,794	41,097	41,097	48,818	50,659	53,128
Community and social services		17,683	20,037	23,939	17,448	17,891	17,891	21,480	22,289	23,362
Sport and recreation		12,452	14,109	16,856	10,978	11,653	11,653	12,429	12,897	13,548
Public safety		12,291	13,927	16,639	11,117	10,376	10,376	13,653	14,169	14,851
Housing		1,300	1,473	1,760	1,252	1,177	1,177	1,257	1,304	1,367
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		27,452	31,107	37,165	28,878	28,409	28,409	124,985	129,696	135,939
Planning and development		6,836	7,746	9,255	2,924	2,605	2,605	4,282	4,443	4,657
Road transport		20,615	23,361	27,909	25,954	25,804	25,804	120,703	125,252	131,281
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		224,609	254,510	304,058	213,124	215,388	215,388	223,711	232,142	243,310
Electricity		162,731	184,394	220,289	156,923	157,365	157,365	165,768	172,016	180,296
Water		25,830	29,269	34,968	25,981	26,042	26,042	25,686	26,655	27,938
Waste water management		21,228	24,053	28,737	17,652	19,204	19,204	18,843	19,553	20,494
Waste management		14,821	16,794	20,064	12,567	12,777	12,777	13,413	13,919	14,582
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	445,991	505,364	603,754	457,992	437,912	437,912	587,461	609,602	638,947
<b>Surplus/(Deficit) for the year</b>		(114,354)	(101,047)	(116,056)	(0)	(8,920)	(6,204)	(106,533)	(106,830)	(120,430)

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Waste water functions and Waste management function but not the Electricity function. This is mainly due to losses experienced on the electricity function, the municipality has action plans in place to address losses in the electricity function.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



**Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	2014/15	+1 2015/16	+2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		3,806	–	–	5,355	5,355	5,355	–	–	–
Vote 2 - Finance and Admin		164,407	222,520	265,409	204,695	197,895	197,895	218,046	225,695	226,477
Vote 3 - Planning and Development		1,287	131	158	54	54	54	1,528	1,610	1,697
Vote 4 - Community and Social services		1,245	561	677	1,352	852	852	920	970	1,022
Vote 5 - Housing		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		777	775	935	1,961	261	261	805	848	894
Vote 7 - Sports and Recreation		2,077	–	–	1,541	1,541	1,541	1,008	1,062	1,120
Vote 8 - Waste Management		15,104	24,757	29,863	27,971	27,971	27,971	35,148	37,045	39,046
Vote 9 - Waste Water Management		20,531	28,433	34,297	33,068	33,068	35,785	37,109	39,113	41,225
Vote 10 - Road Transport		3	–	–	4	4	4	2	2	2
Vote 11 - Water		14,683	31,208	37,644	46,848	46,848	46,848	40,311	42,487	44,782
Vote 12 - Electricity		107,453	95,932	118,716	135,143	115,143	115,143	146,052	153,939	162,251
Vote 13 - Technical Services and PMU		–	–	–	2	2	2	–	–	–
Vote 14 - Airport		264	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	331,637	404,317	487,698	457,992	428,992	431,709	480,928	502,772	518,517
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		38,289	43,386	51,833	40,129	38,256	38,256	45,280	46,987	49,226
Vote 2 - Finance and Admin		111,915	126,813	151,504	135,067	114,763	114,763	144,666	150,118	157,344
Vote 3 - Planning and Development		6,836	7,746	9,255	2,924	2,605	2,605	4,282	4,443	4,657
Vote 4 - Community and Social services		17,683	20,037	23,939	17,448	17,891	17,891	21,480	22,289	23,362
Vote 5 - Housing		1,300	1,473	1,760	1,252	1,177	1,177	1,257	1,304	1,367
Vote 6 - Public Safety		12,291	13,927	16,639	11,117	10,376	10,376	13,653	14,169	14,851
Vote 7 - Sports and Recreation		12,452	14,109	16,856	10,978	11,653	11,653	12,429	12,897	13,548
Vote 8 - Waste Management		14,821	16,794	20,064	12,567	12,777	12,777	13,413	13,919	14,582
Vote 9 - Waste Water Management		21,228	24,053	28,737	17,652	19,204	19,204	18,843	19,553	20,494
Vote 10 - Road Transport		10,804	12,243	14,627	10,931	10,151	10,151	102,695	106,565	111,695
Vote 11 - Water		25,830	29,269	34,968	25,981	26,042	26,042	25,686	26,655	27,938
Vote 12 - Electricity		162,731	184,394	220,289	156,923	157,365	157,365	165,768	172,016	180,296
Vote 13 - Technical Services and PMU		9,812	11,118	13,283	15,023	15,652	15,652	18,008	18,687	19,586
Vote 14 - Airport		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	445,991	505,363	603,753	457,992	437,912	437,912	587,461	609,602	638,947
Surplus/(Deficit) for the year	2	(114,354)	(101,046)	(116,055)	(0)	(8,920)	(6,203)	(106,533)	(106,830)	(120,430)

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 177 Surplus/ (Deficit) calculations for the trading services**

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Electricity</b>									
Total Revenue	107,453	95,932	118,716	135,143	115,143	115,143	146,052	153,939	162,251
Operating expenditure	162,731	184,394	220,289	156,923	157,365	157,365	165,768	172,016	180,296
Surplus (Deficit) for the year	(55,277)	(88,462)	(101,574)	(21,780)	(42,222)	(42,222)	(19,716)	(18,077)	(18,044)
Percentage Surplus/ (Deficit)	-51%	-92%	-86%	-16%	-37%	-37%	-13%	-12%	-11%
<b>Water</b>									
Total Revenue	14,683	31,208	37,644	46,848	46,848	46,848	40,311	42,487	44,782
Operating expenditure	25,830	29,269	34,968	25,981	26,042	26,042	25,686	26,655	27,938
Surplus (Deficit) for the year	(11,147)	1,939	2,676	20,867	20,806	20,806	14,624	15,832	16,843
Percentage Surplus/ (Deficit)	-76%	6%	7%	45%	44%	44%	36%	37%	38%

2. The electricity trading deficit is deteriorating over the 2014/15 MTREF from 13 per cent or R19.7 million in 2014/15 to 11 per cent by 2016/16. This is primarily as a result of the initiatives put in place by the municipality to curb high losses in the form of electricity theft and inefficiencies of the electricity network.
3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 36 per cent, 37 per cent and 38 per cent for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

**Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	52,341	68,562	48,723	48,489	48,489	48,489	-	51,297	54,067	56,986
Property rates - penalties & collection charges		-	-								
Service charges - electricity revenue	2	78,201	70,468	132,624	133,997	113,997	113,997	-	145,557	153,417	161,702
Service charges - water revenue	2	22,503	31,208	67,638	35,685	35,685	35,685	-	40,111	42,276	44,559
Service charges - sanitation revenue	2	24,419	28,433	30,205	33,068	33,068	35,785	-	37,057	39,058	41,168
Service charges - refuse revenue	2	21,607	24,757	25,692	27,971	27,971	27,971	-	35,148	37,045	39,046
Service charges - other		(14,372)	-		3,817	2,317	2,317		-	-	-
Rental of facilities and equipment		1,574	252	2,291	2,242	1,742	1,742		1,420	1,497	1,578
Interest earned - external investments		13,447	575	1,435	575	2,275	2,275		-	-	-
Interest earned - outstanding debtors		-	17,103	20,008	9,251	2,251	2,251		2,500	2,635	2,777
Dividends received		-	-	-	1	1	1		-	-	-
Fines		1,113	775	1,097	2,430	730	730		1,000	1,054	1,111
Licences and permits		-	-	-	-	-	-		1	1	1
Agency services		-	-	-	-	-	-		-	-	-
Transfers recognised - operational		126,766	160,047	156,259	159,631	159,631	159,631		163,765	168,563	166,342
Other revenue	2	4,038	2,137	1,728	834	834	834	-	3,074	3,159	3,249
Gains on disposal of PPE		-	-								
Total Revenue (excluding capital transfers and contributions)		331,637	404,317	487,698	457,992	428,992	431,709	-	480,928	502,772	518,517
Expenditure By Type											
Employee related costs	2	117,048	119,273	173,707	132,068	131,270	131,270	-	138,895	146,645	154,891
Remuneration of councillors		8,314	8,615	9,047	9,793	9,793	9,793		10,442	11,006	11,600
Debt impairment	3	18,959	49,058	59,461	43,198	43,198	43,198		40,000	42,160	44,437
Depreciation & asset impairment	2	112,461	98,144	97,195	2,200	2,200	2,200	-	95,000	90,000	90,000
Finance charges		6,379	10,389	3,274	2,900	2,900	2,900		3,000	2,500	2,000
Bulk purchases	2	111,659	114,069	128,866	152,157	152,157	152,157	-	163,401	173,859	184,986
Other materials	8	16,258	-		-	-	-		10,100	10,645	11,220
Contracted services		3,833	1,884	8,507	15,880	16,880	16,880	-	15,300	15,453	16,142
Transfers and grants		-	-	-	38,526	18,526	18,526	-	38,526	40,607	42,800
Other expenditure	4, 5	51,079	103,929	123,696	61,271	60,989	60,989	-	72,797	76,728	80,872
Loss on disposal of PPE		-	-		-	-	-				
Total Expenditure		445,990	505,361	603,752	457,992	437,913	437,913	-	587,462	609,603	638,947
Surplus/(Deficit)		(114,353)	(101,044)	(116,055)	(0)	(8,921)	(6,204)	-	(106,533)	(106,831)	(120,430)
Transfers recognised - capital				45,939	67,889	67,889	67,889		44,881	47,007	48,744
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(114,353)	(101,044)	(70,115)	67,889	58,968	61,685	-	(61,652)	(59,824)	(71,686)
Taxation											
Surplus/(Deficit) after taxation		(114,353)	(101,044)	(70,115)	67,889	58,968	61,685	-	(61,652)	(59,824)	(71,686)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(114,353)	(101,044)	(70,115)	67,889	58,968	61,685	-	(61,652)	(59,824)	(71,686)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(114,353)	(101,044)	(70,115)	67,889	58,968	61,685	-	(61,652)	(59,824)	(71,686)

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R480.9 million in 2014/15 and escalates to R518.5 million by 2016/17. This represents a year-on-year increase of 4.5 per cent for the 2015/16 financial year and 3.1 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R51.3 million in the 2014/15 financial year and increases to R56.9 million by 2016/17 which represents 10.7 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.6 per cent, 5.4 per cent and 5.4 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R257.9 million for the 2014/15 financial year and increasing to R286.5 million by 2016/17. For the 2014/15 financial year services charges amount to 54 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national government as gazetted.
5. Bulk purchases have significantly increased over the 2010/11 to 2016/17 period escalating from R111.6 million to R184.9 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-
Vote 12 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 13 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	-
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		3,956	759	-	-	-	-	-	3,000	-	-
Vote 2 - Finance and Admin		-	780	-	-	-	-	-	2,000	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	-	-	-	-	2,500	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	3,760	-	-
Vote 7 - Sports and Recreation		-	-	-	8,604	8,604	8,604	-	5,981	6,385	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	9,303	14,500	-
Vote 9 - Waste Water Management		-	6,741	-	13,596	34,996	34,996	-	12,100	1,650	-
Vote 10 - Road Transport		-	-	-	9,602	9,602	3,602	-	2,878	12,321	-
Vote 11 - Water		-	-	-	19,693	19,693	19,693	-	12,676	4,100	-
Vote 12 - Electricity		-	-	-	20,000	20,000	20,000	-	8,000	6,000	-
Vote 13 - Technical Services and PMU		-	-	-	2,394	2,394	2,394	-	1,994	2,050	-
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		3,956	8,281	-	73,889	95,289	89,289	-	64,191	47,007	-
<b>Total Capital Expenditure - Vote</b>		3,956	8,281	-	73,889	95,289	89,289	-	64,191	47,007	-
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		3,956	1,539	-	-	-	-	-	5,000	-	-
Executive and council		3,956	759	-	-	-	-	-	3,000	-	-
Budget and treasury office		-	-	-	-	-	-	-	2,000	-	-
Corporate services		-	780	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	8,604	8,604	8,604	-	12,241	6,385	-
Community and social services		-	-	-	-	-	-	-	6,000	-	-
Sport and recreation		-	-	-	8,604	8,604	8,604	-	5,981	6,385	-
Public safety		-	-	-	-	-	-	-	260	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	9,602	9,602	3,602	-	2,878	12,321	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	9,602	9,602	3,602	-	2,878	12,321	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	6,741	-	53,289	74,689	74,689	-	42,078	26,250	-
Electricity		-	-	-	20,000	20,000	20,000	-	8,000	6,000	-
Water		-	-	-	19,693	19,693	19,693	-	12,676	4,100	-
Waste water management		-	6,741	-	13,596	34,996	34,996	-	12,100	1,650	-
Waste management		-	-	-	-	-	-	-	9,303	14,500	-
<b>Other</b>		-	-	-	2,394	2,394	2,394	-	1,994	2,050	-
<b>Total Capital Expenditure - Standard</b>	3	3,956	8,281	-	73,889	95,289	89,289	-	64,191	47,007	-
<b>Funded by:</b>											
National Government		3,759	7,522	-	67,889	89,289	89,289	-	44,881	47,007	48,744
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	3,759	7,522	-	67,889	89,289	89,289	-	44,881	47,007	48,744
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	6,000	6,000	-	-	-	-	-
Internally generated funds		197	759	-	-	-	-	-	19,310	-	-
<b>Total Capital Funding</b>	7	3,956	8,281	-	73,889	95,289	89,289	-	64,191	47,007	48,744

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R64.2 million for the 2014/15 financial year and R47 million in the 2015/16 financial year.
4. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R44.9 million (69.9 per cent) and escalates to R48.7 million by 2016/17 (100 per cent). Internally generated funding totaling R19.3 million in the 2014/15 financial year. These funding sources are further discussed in detail in 2.5 (Overview of Budget Funding).

Table 20 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		3,099	29,900		32,000	32,000	32,000	46,653	49,265	51,925	54,729
Call investment deposits	1	658	658	1,240	600	600	600	1,240	1,310	1,380	1,455
Consumer debtors	1	92,822	149,405	140,451	279,539	279,539	279,539	140,451	148,316	156,325	164,767
Other debtors		97,890	-					140,451	148,316	156,325	164,767
Current portion of long-term receivables		-	109,283		100,283	100,283	100,283	-	-	-	-
Inventory	2	756	597		500	500	500	504	532	560	591
Total current assets		195,225	289,843	141,691	412,922	412,922	412,922	329,298	347,739	366,517	386,309
Non current assets											
Long-term receivables		41	-		-	-	-				
Investments			8,278		9,250	9,250	9,250	809	855	901	950
Investment property		152,718	152,718		152,718	152,718	152,718	152,718	152,718	152,718	152,718
Investment in Associate											
Property, plant and equipment	3	1,215,835	1,125,972	1,118,769	1,118,769	1,118,769	1,118,769	1,118,769	1,083,659	1,038,615	763,294
Agricultural											
Biological											
Intangible											
Other non-current assets		8,278									
Total non current assets		1,376,872	1,286,967	1,118,769	1,280,737	1,280,737	1,280,737	1,272,296	1,237,232	1,192,234	916,961
TOTAL ASSETS		1,572,097	1,576,810	1,260,460	1,693,658	1,693,658	1,693,658	1,601,594	1,584,971	1,558,751	1,303,270
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-								
Borrowing	4	212	-	-	9,000	9,000	3,000	-	3,200	3,200	1,766
Consumer deposits		3,584	3,777		3,900	3,900	3,900	4,077	4,305	4,538	4,783
Trade and other payables	4	172,680	246,784	285,569	202,000	202,000	202,000	279,169	288,963	300,027	309,904
Provisions		24,051	30,805		33,000	33,000	33,000	4,889	5,163	5,442	5,736
Total current liabilities		200,527	281,366	285,569	247,900	247,900	241,900	288,135	301,631	313,206	322,189
Non current liabilities											
Borrowing		22,525	23,467	-	20,467	20,467	20,467	15,920	4,966	1,766	-
Provisions		28,974	30,429	-	30,429	30,429	-	35,847	37,854	39,898	42,053
Total non current liabilities		51,499	53,896	-	50,896	50,896	20,467	51,766	42,820	41,664	42,053
TOTAL LIABILITIES		252,026	335,262	285,569	298,796	298,796	262,367	339,902	344,451	354,870	364,241
NET ASSETS	5	1,320,071	1,241,548	974,891	1,394,862	1,394,862	1,431,291	1,261,692	1,240,520	1,203,880	939,029
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,320,070	1,218,045		67,889	67,889	67,889	1,261,692	1,240,520	1,203,880	939,029
Reserves	4	-	-	-	190	190	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	1,320,070	1,218,045	-	68,079	68,079	67,889	1,261,692	1,240,520	1,203,880	939,029

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 19 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		138,500	182,928	228,633	187,547	172,142	172,142		235,997	265,259	279,518
Government - operating	1	126,766	160,385	157,198	159,631	159,631	159,631		163,765	168,563	166,342
Government - capital	1	-	(338)	45,939	67,889	89,289	89,289		44,881	47,007	48,744
Interest		13,233	17,678	21,443	6,588	3,738	3,738		1,875	1,976	2,083
Dividends		-	1	-	1	1	1				
Payments											
Suppliers and employees		(242,292)	(315,103)	(429,748)	(341,148)	(354,157)	(354,157)		(369,842)	(379,954)	(402,008)
Finance charges		(1)	(10,384)	(3,274)		-	-		-	-	-
Transfers and Grants	1	-	-		(38,526)	(18,526)	(18,526)		(38,526)	(40,607)	(42,800)
NET CASH FROM/(USED) OPERATING ACTIVITIES		36,206	35,168	20,191	41,982	52,118	52,118	-	38,151	62,244	51,880
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2,368	-	(65)							
Decrease (Increase) in non-current debtors		-	-	-							
Decrease (increase) other non-current receivables		-	-	-							
Decrease (increase) in non-current investments		-	-	-							
Payments											
Capital assets		(8,564)	(8,281)	(1,342)	(73,889)	(95,289)	(89,289)		(64,213)	(47,007)	(48,744)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6,196)	(8,281)	(1,407)	(73,889)	(95,289)	(89,289)	-	(64,213)	(47,007)	(48,744)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	6,000	6,000	-				
Borrowing long term/refinancing		-	-	-							
Increase (decrease) in consumer deposits		-	-	-							
Payments											
Repayment of borrowing		(3,200)	(424)	(2,032)	(2,900)	(2,900)	(2,900)		(3,000)	(2,500)	(2,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,200)	(424)	(2,032)	3,100	3,100	(2,900)	-	(3,000)	(2,500)	(2,000)
NET INCREASE/ (DECREASE) IN CASH HELD		26,810	26,464	16,753	(28,807)	(40,071)	(40,071)	-	(29,062)	12,737	1,136
Cash/cash equivalents at the year begin:	2	(23,711)	3,099	29,562	46,315	46,315	46,315	46,315	46,315	17,253	29,990
Cash/cash equivalents at the year end:	2	3,099	29,562	46,315	17,508	6,244	6,244	46,315	17,253	29,990	31,125

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	3,099	29,562	46,315	17,508	6,244	6,244	46,315	17,253	29,990	31,125
Other current investments > 90 days		658	996	(45,075)	15,092	26,356	26,356	1,578	33,322	23,316	25,059
Non current assets - Investments	1	–	8,278	–	9,250	9,250	9,250	809	855	901	950
Cash and investments available:		3,757	38,836	1,240	41,850	41,850	41,850	48,702	51,430	54,207	57,134
Application of cash and investments											
Unspent conditional transfers		–	37,966	21,400	–	–	–	15,000	10,000	6,000	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	34,665	92,569	162,785	23,945	19,831	21,645	260,092	53,937	41,341	43,573
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		34,665	130,534	184,185	23,945	19,831	21,645	275,092	63,937	47,341	43,573
Surplus(shortfall)		(30,908)	(91,699)	(182,945)	17,905	22,019	20,205	(226,390)	(12,508)	6,866	13,561

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increase significantly over the 2010/11 to 2012/13 period owing directly to a net increase in cash for the 2010/11, 2011/12 and 2012/13 financial years.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 23 MBRR Table A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	36,659	–	12,738	34,904	56,304	56,304	47,817	47,007	–
Infrastructure - Road transport		11,759	–	–	1,102	1,102	1,102	–	12,321	–
Infrastructure - Electricity		8,870	–	–	20,000	20,000	20,000	8,000	6,000	–
Infrastructure - Water		–	–	–	6,500	6,500	6,500	5,050	4,100	–
Infrastructure - Sanitation		7,000	–	913	–	21,400	21,400	6,500	1,650	–
Infrastructure - Other		2,810	–	–	–	–	–	9,303	14,500	–
Infrastructure		30,439	–	913	27,602	49,002	49,002	28,853	38,571	–
Community		6,220	–	7,825	7,302	7,302	7,302	7,705	8,436	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	4,000	–	–	–	11,260	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	2	32,029	–	42,616	38,985	38,985	32,985	16,374	–	–
Infrastructure - Road transport		–	–	–	8,500	8,500	2,500	2,878	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		10,308	–	32,094	13,193	13,193	13,193	7,626	–	–
Infrastructure - Sanitation		21,720	–	8,000	13,596	13,596	13,596	5,600	–	–
Infrastructure - Other		–	–	2,522	–	–	–	–	–	–
Infrastructure		32,029	–	42,616	35,289	35,289	29,289	16,104	–	–
Community		–	–	–	3,696	3,696	3,696	270	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>	4	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		11,759	–	–	9,602	9,602	3,602	2,878	12,321	–
Infrastructure - Electricity		8,870	–	–	20,000	20,000	20,000	8,000	6,000	–
Infrastructure - Water		10,308	–	32,094	19,693	19,693	19,693	12,676	4,100	–
Infrastructure - Sanitation		28,720	–	8,913	13,596	34,996	34,996	12,100	1,650	–
Infrastructure - Other		2,810	–	2,522	–	–	–	9,303	14,500	–
Infrastructure		62,467	–	43,529	62,891	84,291	78,291	44,956	38,571	–
Community		6,220	–	7,825	10,998	10,998	10,998	7,975	8,436	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	4,000	–	–	–	11,260	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	68,687	–	55,354	73,889	95,289	89,289	64,191	47,007	–
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5		464,260	464,260	473,862	473,862	473,862	476,740	489,061	
Infrastructure - Electricity			385,902	385,902	405,902	405,902	405,902	413,902	419,902	
Infrastructure - Water			137,922	170,016	189,709	189,709	189,709	202,385	206,485	
Infrastructure - Sanitation			76,127	85,040	98,636	98,636	98,636	110,736	112,386	
Infrastructure - Other			2,307	2,307	2,307	2,307	2,307	–	–	
Infrastructure		–	1,066,519	1,107,526	1,170,417	1,170,417	1,170,417	1,203,763	1,227,834	–
Community								12,241	18,626	
Heritage assets										
Investment properties		152,718	152,718	–	152,718	152,718	152,718	152,718	152,718	–
Other assets			163,813	175,638	186,636	186,636	186,636	200,939	215,439	
Agricultural Assets			–	–	–	–	–	–	–	–
Biological assets			–	–	–	–	–	–	–	–
Intangibles			–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	152,718	1,383,050	1,283,164	1,509,771	1,509,771	1,509,771	1,569,661	1,614,617	–
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>		112,461	98,144	97,195	2,200	2,200	2,200	95,000	90,000	90,000
<u>Repairs and Maintenance by Asset Class</u>	3	36,762	18,581	20,977	20,226	21,221	21,221	14,940	15,747	16,597
Infrastructure - Road transport		5,769	2,916	1,859	1,300	1,100	1,100	3,000	3,162	3,333
Infrastructure - Electricity		6,350	3,210	3,574	1,800	2,000	2,000	2,000	2,108	2,222
Infrastructure - Water		3,557	1,617	1,731	2,200	2,600	2,600	1,600	1,686	1,777
Infrastructure - Sanitation		4,446	2,247	2,596	1,400	1,550	1,550	500	527	555
Infrastructure - Other		5,330	2,694	3,079	100	100	100	250	264	278
Infrastructure		25,452	12,685	12,838	6,800	7,350	7,350	7,350	7,747	8,165
Community		8,522	4,098	1,690	810	1,010	1,010	1,840	1,939	2,044
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		3	–	–	–	–	–	–	–	–
Other assets	6, 7	2,784	1,798	6,449	12,616	12,861	12,861	5,750	6,061	6,388
TOTAL EXPENDITURE OTHER ITEMS		149,223	116,725	118,172	22,426	23,421	23,421	109,940	105,747	106,597
Renewal of Existing Assets as % of total capex		46.6%	0.0%	77.0%	52.8%	40.9%	36.9%	25.5%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		28.5%	0.0%	43.8%	1772.0%	1772.0%	1499.3%	17.2%	0.0%	0.0%
R&M as a % of PPE		3.0%	1.7%	0.0%	1.3%	1.4%	1.4%	1.0%	-17.5%	-18.4%
Renewal and R&M as a % of PPE		45.0%	1.0%	5.0%	4.0%	4.0%	4.0%	2.0%	1.0%	0.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 24 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		20,380	20,380		23,005	23,005	23,005	23,005	23,005	23,005
Piped water inside yard (but not in dwelling)		11,016	11,016		9,914	9,914	9,914	9,914	9,914	9,914
Using public tap (at least min.service level)	2	2,188	2,188		783	783	783	783	783	783
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		33,584	33,584	-	33,702	33,702	33,702	33,702	33,702	33,702
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	33,584	33,584	-	33,702	33,702	33,702	33,702	33,702	33,702
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		43,429	43,429		50,120	50,120	50,120	51,745	51,745	51,745
Flush toilet (with septic tank)		410	410		410	410	410	410	410	410
Chemical toilet		290	290		290	290	290	290	290	290
Pit toilet (ventilated)		7,859	7,859		8,958	8,958	8,958	8,958	8,958	8,958
Other toilet provisions (> min.service level)		33,967	33,967		39,033	39,033	39,033	39,033	39,033	39,033
<i>Minimum Service Level and Above sub-total</i>		85,955	85,955	-	98,811	98,811	98,811	100,436	100,436	100,436
Bucket toilet		2,472	2,472		2,472	2,472	2,472	847	847	847
Other toilet provisions (< min.service level)		-	-							
No toilet provisions		220	220		220	220	220	220	220	220
<i>Below Minimum Service Level sub-total</i>		2,692	2,692	-	2,692	2,692	2,692	1,067	1,067	1,067
<b>Total number of households</b>	5	88,647	88,647	-	101,503	101,503	101,503	101,503	101,503	101,503
<b>Energy:</b>										
Electricity (at least min.service level)		10,238	10,238		11,262	11,262	11,262	11,262	11,262	11,262
Electricity - prepaid (min.service level)		11,920	11,920		10,728	10,728	10,728	10,728	10,728	10,728
<i>Minimum Service Level and Above sub-total</i>		22,158	22,158	-	21,990	21,990	21,990	21,990	21,990	21,990
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	22,158	22,158	-	21,990	21,990	21,990	21,990	21,990	21,990
<b>Refuse:</b>										
Removed at least once a week		37,000	37,000		38,000	38,000	38,000	38,000	38,000	38,000
<i>Minimum Service Level and Above sub-total</i>		37,000	37,000	-	38,000	38,000	38,000	38,000	38,000	38,000
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	37,000	37,000	-	38,000	38,000	38,000	38,000	38,000	38,000
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		18,000	18,000		16,000	5,000	5,000	16,000	16,000	16,000
Sanitation (free minimum level service)		18,000	18,000		16,000	5,000	5,000	13,000	13,000	13,000
Electricity/other energy (50kwh per household per month)		18,000	18,000		16,000	5,000	5,000	16,000	16,000	16,000
Refuse (removed at least once a week)		18,000	18,000		16,000	5,000	5,000	13,000	13,000	13,000
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		14,400	14,400					115	121	127
Sanitation (free sanitation service)		13,300	13,300					1,042	1,098	1,158
Electricity/other energy (50kwh per household per month)		17,800	17,800					1,028	1,083	1,141
Refuse (removed once a week)		12,000	12,000					989	1,043	1,099
<b>Total cost of FBS provided (minimum social package)</b>		57,500	57,500	-	-	-	-	3,174	3,345	3,525
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		-	-	-	42,000	42,000	42,000	25,000	25,000	25,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		55	55	55	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		11	11							
Property rates (other exemptions, reductions and rebates)		-	-							
Water		14,400	14,400					1,377	1,451	1,530
Sanitation		13,300	13,300					12,505	13,180	13,892
Electricity/other energy		17,800	17,800					12,330	12,996	13,698
Refuse		12,000	12,000					11,870	12,511	13,187
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6				38,526	18,526	18,526	444	468	493
<b>Total revenue cost of free services provided (total social package)</b>		57,511	57,511	-	38,526	18,526	18,526	38,526	40,606	42,799

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for about 15 000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to remain constant and hopefully decline by the 2016/17 financial year with the implementation of the Indigent exit strategy.
3. It is anticipated that these Free Basic Services will cost the municipality R38.5 million in 2014/15, increasing to R42.8 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the honourable mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 26 October 2013.

#### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2011. It started in October 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in October.

The Municipality's IDP is its principal strategic planning document, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and

During the compilation of the 2014/15 MTREF, each department/function (at strategic planning session) had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detailed operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 70 and 72 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2014/15 MTREF as tabled before Council on 28 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

For the draft 2014/15 MTREF budget and IDP, the planned public participation schedule is as follows:



Date	Town	Ward	Venue	Ward Councillor	Time
13/04/2014	Parys	6	Boitlamo Sec. Schl	Cllr N Ndlovu	07h30
15/04/2014	Vredefort	15	King's Motel	Cllr R Mehlo	16h30
		20	Montoeli Hall	Cllr M Ranthako	16h30
15/04/2014	Koppies	2	Kwakwatsi Hall	Cllr C Choni	16h30
		17	Re batla Thuto Hall		16h30
15/04/2014	Parys	12	Mosepedi Hall	Cllr D Modiko	16h30
	Heilbron	3	Phiritona Hall	Cllr P Ndayi	16h30
15/04/2014	Koppies	2	Kwakwatsi Hall	Cllr M Masoa	16h30
		17	Re batla Thuto hall	Cllr P Choni	16h30
16/04/2014	Vredefort	16	SS Paki Sec School	Cllr K Khumalo	16h30
16/04/2014	Heilbron	1	Ha Tjopie	Cllr N Bocibo	16h30
	Heilbron	4	Ke Arabetswe School	Cllr Mofokeng	16h30
16/04/2014	Parys	8	Boitlamo School	Cllr D Vandisi	16h30
		14	Schonkenville Hall	Cllr De Beer	16h30
22/04/2014	Heilbron	5	Piano Ground	Cllr M Radebe	16h30
		7	Billy Ground	Cllr S Mvulane	16h30
23-24/04/2014	YOUTH SUMMIT FOR ALL TOWNS		Mimosa Gardens	Cllr J Mochela (Mayor)	08:00
29/04/2014	Parys	9	Ntshwepepa School	Cllr S Mbele	16h30
		10	Tokoloho open space	Cllr M Mofokeng	16h30
30/04/2014	Parys	11	Botjhabatsatsi Schl	Cllr N Mopedi	16h30
		13 & 18	Parys Town Hall	Cllr S Vermaak	16h30
02/05/2014	Heilbron	REP FORUM	Phiritona Hall	Cllr J Mochela (Mayor)	10h00

## 2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Priorities;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 25 IDP Strategic Objectives**

<b>2041/15 MTREF</b>	
1.	Improve service delivery and infrastructure development
2.	Improvement of public participation and good governance
3.	Improve institutional development and transformation
4.	Financial Viability
5.	Local economic development

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Improve service delivery and infrastructure development	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance			158,038	180,330	266,458	243,035	223,030	225,748	303,502	319,576	336,050	
Improvement of public participation and good governance	Promote a culture of participatory and good governance.			3,806	-	-	5,355	5,355	5,355	-	-	-	
Improve institutional development and transformation	Improve organisational cohesion and effectiveness			5,776	2,472	2,983	6,368	3,168	3,168	3,036	3,200	3,373	
Financial Viability	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.			162,730	221,383	264,037	203,180	197,380	197,380	217,743	225,394	226,140	
Local economic development	Create an environment that promotes development of the local economy and facilitate job creation.			1,287	131	158	54	54	54	1,528	1,610	1,697	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	331,636	404,317	533,636	457,991	428,986	431,704	525,809	549,779	567,261

**Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Improve service delivery and infrastructure development	Eradicate backlogs in order to improve access to services and ensure proper operations			245,225	277,871	331,968	239,078	241,192	241,192	344,414	357,395	374,591
Improvement of public participation and good governance	Promote a culture of participatory and good governance.			38,289	43,386	51,833	38,929	38,256	38,256	45,280	46,986	49,226
Improve institutional development and transformation	Improve organisational cohesion and effectiveness			67,533	76,523	91,423	59,292	60,347	60,347	70,857	73,529	77,098
Financial Viability	To improve overall financial management in municipalities by developing and			88,108	99,837	119,275	117,769	95,512	95,512	122,628	127,249	133,374
Local economic development	Create an environment that promotes development of the local economy and facilitate			6,836	7,746	9,255	2,924	2,605	2,605	4,282	4,443	4,657

**Table 28 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Improve service delivery and infrastructure development	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance.	A		3,956	8,281		73,889	95,289	89,289	44,021	40,622	
Improvement of public participation and good governance	Promote a culture of participatory and good governance.	B		-	-	-	-	-	-	3,000	-	
Improve institutional development and transformation	Improve organisational cohesion and effectiveness	C		-	-	-	-	-	-	15,170	6,385	
Financial Viability	To improve overall financial management in municipalities by developing and	D		-	-	-	-	-	-	2,000	-	
Local economic development	Implement a strategy that creates an environment that promotes development of the local economy and facilitate job creation.	E		-	-	-	-	-	-	-	-	
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	3,956	8,281	-	73,889	95,289	89,289	64,191	47,007	-

### **2.2.1 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year approximately 15000 registered indigents have been provided for in the budget, the municipality envisages that the number of indigents will remain constant over the MTREF and hopefully decrease in line with the municipality's indigent exit strategy which is directly influenced by the local economic development strategy in place. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kWh of electricity, 6 kl sanitation and free waste removal at least once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 36.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

## **2.3 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.3.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in May 2013 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

The lack of credible procedure manuals, has necessitated management to develop such procedure manuals.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Indigent Exit strategy aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings, whilst the municipality undertakes an in depth data cleansing exercise. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

### **2.3.2 Budget Policy**

The budget and adjustment budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.3.3 Supply Chain Management Policy**

An amended policy that is fully aligned to the MFMA and SCM regulations will be considered by Council in May 2014.

### **2.3.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

### **2.3.5 Cash Management and Investment Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **2.3.6 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Banking and investment Policy;
- Bad Debts Policy;
- Subsistence and travelling Policy;
- Funding and Reserves Policy;
- Borrowing Policy; and
- Basic Social Services Package (Indigent Policy).



## **2.4 Overview of budget assumptions**

### **2.4.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **2.4.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 23.64 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions must be noted.

### **2.4.3 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (75 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings, plus an increased collection of arrear debt from the revenue enhancement initiatives currently being undertaken by the municipality. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.4.4 Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

**2.4.5 Salary increases**

As per the collective agreement regarding salaries/wages, annual salaries and wages were increased by 6.79 per cent (projected inflation rate plus 1 per cent).

**2.4.6 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

## 2.5 Overview of budget funding

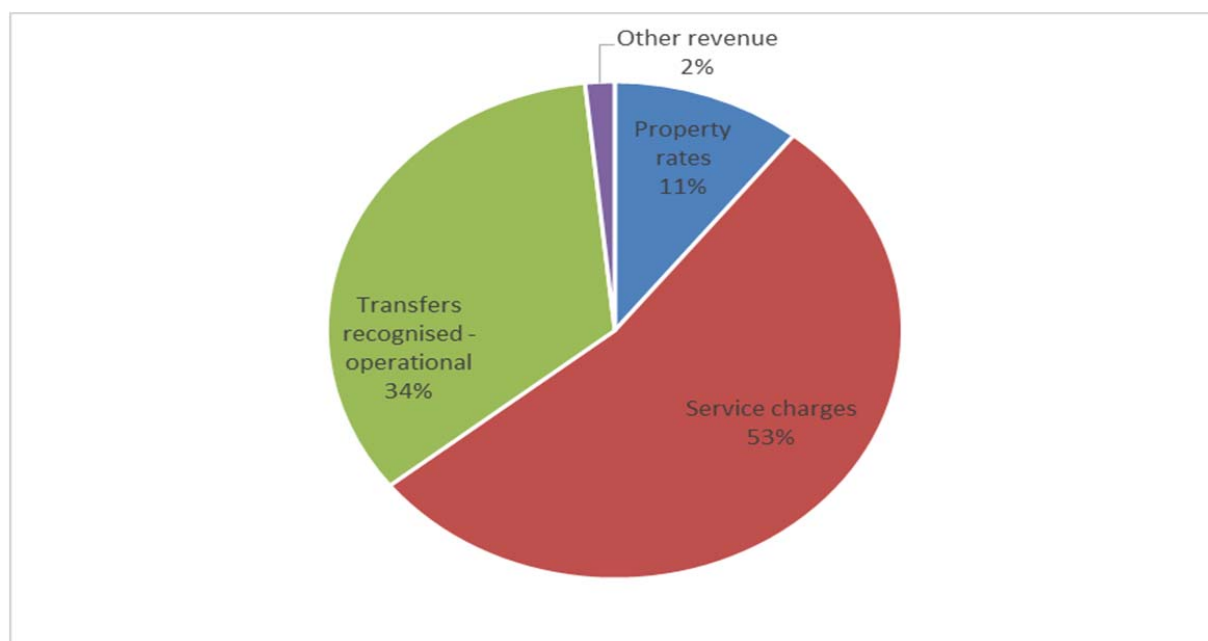
### 2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 29 Breakdown of the operating revenue over the medium-term**

Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Revenue By Source</b>						
Property rates	51,297	11%	54,067	11%	56,986	11%
Service charges	257,872	54%	271,797	54%	286,474	55%
Transfers recognised - operational	163,765	34%	168,563	34%	166,342	32%
Other revenue	7,995	2%	8,345	2%	8,715	2%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>480,928</b>	<b>100%</b>	<b>502,772</b>	<b>100%</b>	<b>518,517</b>	<b>100%</b>
<b>Total Expenditure</b>	<b>587,462</b>		<b>609,603</b>		<b>638,947</b>	
<b>Surplus/(Deficit) for the year</b>	<b>(106,533)</b>		<b>(106,831)</b>		<b>(120,430)</b>	

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



**Figure 2 Breakdown of operating revenue over the 2014/15 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its

operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Revenue management and enhancement;
- Achievement of a 75 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

**Table 30 Proposed tariff increases over the medium-term**

Revenue category	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2016/17 proposed tariff increase	2014/15 Total Budgeted revenue
	%	%	%	R'000
Property rates	5.79	5.4	5.4	51 297
Sanitation	5.79	5.4	5.4	37 057
Solid Waste	5.79	5.4	5.4	35 148
Water	5.79	5.4	5.4	40 111
Electricity	7.39	5.4	5.4	145 557
<b>Total</b>				<b>309 169</b>

Revenue to be generated from property rates is R51.3 million in the 2014/15 financial year and increases to R56.9 million by 2016/17 which represents 11 per cent of the operating revenue base of the Municipality.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. It is anticipated that the process will be concluded by the end of 2014/15 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R257.9 million for the 2014/15 financial year and increasing to R286.5 million by 2016/17. For the 2014/15 financial year services charges amount to 54 per cent of the total revenue base and grows by 1 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R163.8 million, R168.6 million and R166.3 million for each of the respective financial years of the MTREF, or 34, 34 and 32 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

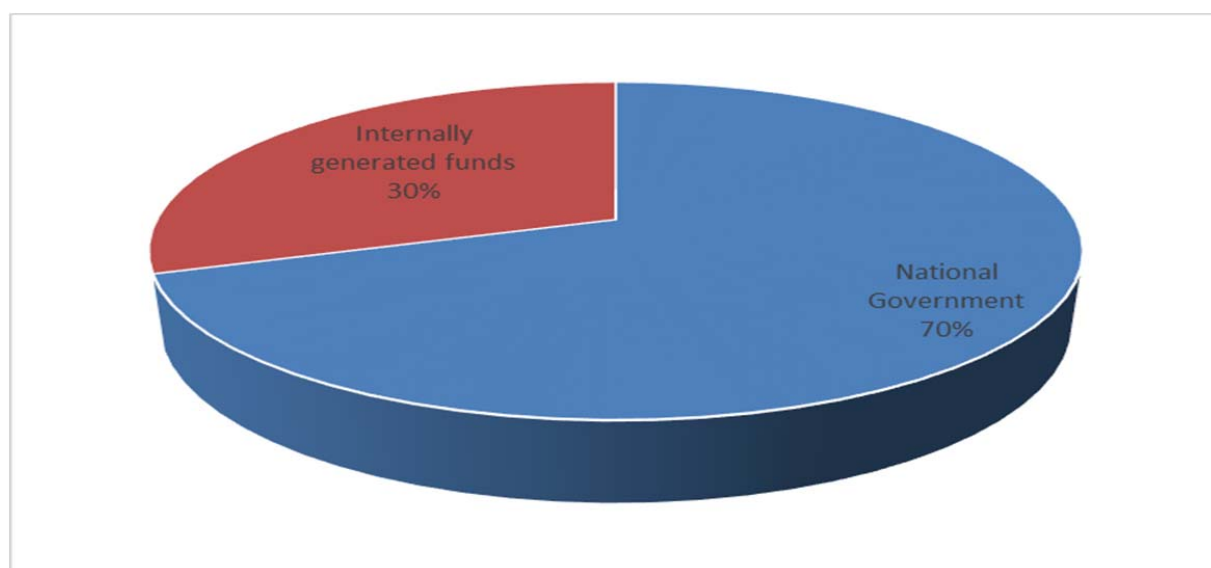
### 2.5.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 31 Sources of capital revenue over the MTREF**

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<b>Funded by:</b>						
National Government	44,881		47,007		48,744	
Transfers recognised - capital	44,881	70%	47,007	100%	48,744	100%
Internally generated funds	19,310	30%	–	0%	–	0%
<b>Total Capital Funding</b>	<b>64,191</b>	<b>100%</b>	<b>47,007</b>	<b>100%</b>	<b>48,744</b>	<b>100%</b>

The above table is graphically represented as follows for the 2014/15 financial year.



**Figure 3 Sources of capital revenue for the 2014/15 financial year.**

Capital grants and receipts equates to 70 per cent of the total funding source which represents R144.9 million for the 2014/15 financial year and steadily increase to R48.7 million or 100 per cent by 2016/17.

**Table 32 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Transfers and Grants</b>									
	41,573	–	50,441	67,889	67,889	–	44,818	47,007	48,744
Municipal Infrastructure Grant (MIG)	34,573		50,441	47,889	47,889		39,818	41,007	42,744
INEG	7,000		–	20,000	20,000		5,000	6,000	6,000
<b>Total Capital Transfers and Grants</b>	<b>41,573</b>	<b>–</b>	<b>50,441</b>	<b>67,889</b>	<b>67,889</b>	<b>–</b>	<b>44,818</b>	<b>47,007</b>	<b>48,744</b>

### 2.5.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 33 MBRR Table A7 - Budget cash flow statement**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		138,500	182,928	228,633	187,547	172,142	172,142		235,997	265,259	279,518
Government - operating	1	126,766	160,385	157,198	159,631	159,631	159,631		163,765	168,563	166,342
Government - capital	1	-	(338)	45,939	67,889	89,289	89,289		44,881	47,007	48,744
Interest		13,233	17,678	21,443	6,588	3,738	3,738		1,875	1,976	2,083
Dividends		-	1	-	1	1	1				
Payments											
Suppliers and employees		(242,292)	(315,103)	(429,748)	(341,148)	(354,157)	(354,157)		(369,842)	(379,954)	(402,008)
Finance charges		(1)	(10,384)	(3,274)		-	-		-	-	-
Transfers and Grants	1	-	-		(38,526)	(18,526)	(18,526)		(38,526)	(40,607)	(42,800)
NET CASH FROM/(USED) OPERATING ACTIVITIES		36,206	35,168	20,191	41,982	52,118	52,118	-	38,151	62,244	51,880
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2,368	-	(65)							
Decrease (Increase) in non-current debtors		-	-	-							
Decrease (increase) other non-current receivables		-	-	-							
Decrease (increase) in non-current investments		-	-	-							
Payments											
Capital assets		(8,564)	(8,281)	(1,342)	(73,889)	(95,289)	(89,289)		(64,213)	(47,007)	(48,744)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6,196)	(8,281)	(1,407)	(73,889)	(95,289)	(89,289)	-	(64,213)	(47,007)	(48,744)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	6,000	6,000	-				
Borrowing long term/refinancing		-	-	-							
Increase (decrease) in consumer deposits		-	-	-							
Payments											
Repayment of borrowing		(3,200)	(424)	(2,032)	(2,900)	(2,900)	(2,900)		(3,000)	(2,500)	(2,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,200)	(424)	(2,032)	3,100	3,100	(2,900)	-	(3,000)	(2,500)	(2,000)
NET INCREASE/ (DECREASE) IN CASH HELD		26,810	26,464	16,753	(28,807)	(40,071)	(40,071)	-	(29,062)	12,737	1,136
Cash/cash equivalents at the year begin:	2	(23,711)	3,099	29,562	46,315	46,315	46,315	46,315	46,315	17,253	29,990
Cash/cash equivalents at the year end:	2	3,099	29,562	46,315	17,508	6,244	6,244	46,315	17,253	29,990	31,125

The above table shows that cash and cash equivalents of the Municipality were positive, with positive cash balances of R3.1 million from 2010/11 to R46.3 million by the end of the 2012/13 financial year. It must however be noted that the positive year end balances were largely due to under spending on capital projects.

## 2.6 Councillor and employee benefits

**Table 34 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		5,454		6,375	6,821	6,821	6,821	7,284	7,678	8,092
Pension and UIF Contributions		327		487	521	521	521	556	586	618
Medical Aid Contributions		758		72	77	77	77	82	86	91
Motor Vehicle Allowance		1,296		1,678	1,796	1,796	1,796	1,918	2,021	2,130
Cellphone Allowance		303		526	563	563	563	601	634	668
Housing Allowances		-		-	-	-	-	-	-	-
Other benefits and allowances		-		-	15	15	15	-	-	-
<b>Sub Total - Councillors</b>		8,139	-	9,138	9,793	9,793	9,793	10,442	11,006	11,600
<b>% increase</b>	4		(100.0%)	-	7.2%	-	-	6.6%	5.4%	5.4%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		4,130		6,194	6,618	6,618	6,618	7,067	7,520	8,001
Pension and UIF Contributions		19		321	343	343	343	366	390	414
Medical Aid Contributions		-		204	218	218	218	233	248	264
Overtime		-		-	-	-	-	-	-	-
Performance Bonus		-		-	-	-	-	-	-	-
Motor Vehicle Allowance	3	1,089		1,816	1,940	1,940	1,940	2,072	2,205	2,346
Cellphone Allowance	3	-		148	158	158	158	-	-	-
Housing Allowances	3	-		-	-	-	-	-	-	-
Other benefits and allowances	3	1,134		436	466	466	466	498	529	563
Payments in lieu of leave		-		-	-	-	-	-	-	-
Long service awards		-		-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-		-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		6,371	-	9,118	9,743	9,743	9,743	10,236	10,891	11,588
<b>% increase</b>	4		(100.0%)	-	6.8%	-	-	5.1%	6.4%	6.4%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		74,693		73,298	78,319	78,159	78,159	83,466	88,808	94,492
Pension and UIF Contributions		9,508		11,914	12,730	12,962	12,962	13,817	14,701	15,642
Medical Aid Contributions		3,615		3,984	4,257	4,286	4,286	4,577	4,869	5,181
Overtime		2,616		7,093	6,409	6,409	6,409	6,844	6,844	6,844
Performance Bonus		-		-	6,989	6,825	6,825	7,288	7,755	8,251
Motor Vehicle Allowance	3	4,924		2,583	2,360	2,069	2,069	2,209	2,350	2,501
Cellphone Allowance	3	-		-	-	-	-	-	-	-
Housing Allowances	3	910		268	313	285	285	304	304	304
Other benefits and allowances	3	6,963		17,952	7,283	8,055	8,055	7,653	7,621	7,587
Payments in lieu of leave		-		-	2,897	1,556	1,556	1,662	1,662	1,662
Long service awards		-		-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-		-	768	786	786	839	839	839
<b>Sub Total - Other Municipal Staff</b>		103,229	-	117,091	122,325	121,391	121,391	128,659	135,754	143,303
<b>% increase</b>	4		(100.0%)	-	4.5%	(0.8%)	-	6.0%	5.5%	5.6%
<b>Total Parent Municipality</b>		117,740	-	135,348	141,861	140,927	140,927	149,337	157,651	166,491



**Table 35 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		413,615	-				413,615
Chief Whip								-
Executive Mayor			462,040					462,040
Deputy Executive Mayor			-					-
Executive Committee			1,241,182					1,241,182
Total for all other councillors			5,167,592	638,218	2,519,062			8,324,871
<b>Total Councillors</b>	8	-	7,284,428	638,218	2,519,062			10,441,707
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			775,911	1,712	192,272			969,895
Chief Finance Officer			599,039	1,766	254,984			855,788
Director Technical services			682,919	1,712	171,158			855,788
Director Corporate services			630,956	104,475	120,358			855,788
Director Community services			682,919	1,712	171,158			855,788
								-
<i>List of each official with packages &gt;= senior manager</i>								
Human Resource Manager			457,228	125,061	148,081			730,369
Senior Finance Manager			457,228	125,061	148,081			730,369
Supply Chain Manager			457,228	125,061	148,081			730,369
Internal Auditor			457,228	125,061	148,081			730,369
Strategic Executive Support Manager			457,228	125,061	148,081			730,369
Risk and Compliance Manager			457,228	125,061	148,081			730,369
Legal and Admin Manager			457,228	125,061	148,081			730,369
Public Safety and Recreation Manager			457,228	125,061	148,081			730,369
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	7,029,565	1,111,862	2,094,573	-		10,236,000

**Table 36 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		39		39	39	–	39	39	–	39
Board Members of municipal entities	4				–	–	–	–	–	–
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	5	–	4	5	–	5	5	–	5
Other Managers	7	18	12	–	18	12	–	18	12	–
Professionals		496	203	12	496	216	2	496	216	2
<i>Finance</i>		2	1	1	2	2	1	2	2	1
<i>Spatial/town planning</i>		1	1	1	1	1	1	1	1	1
<i>Information Technology</i>		–	–	–	–	–	–	–	–	–
<i>Roads</i>		–	–	–	–	–	–	–	–	–
<i>Electricity</i>		–	–	–	–	–	–	–	–	–
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		–	–	–	–	–	–	–	–	–
<i>Other</i>		493	201	10	493	213	–	493	213	–
Technicians		13	8	228	13	236	5	13	236	5
<i>Finance</i>							5			5
<i>Spatial/town planning</i>										
<i>Information Technology</i>		5	3	–	5	3	–	5	3	–
<i>Roads</i>		1	1	–	1	1	–	1	1	–
<i>Electricity</i>		4	1	–	4	1	–	4	1	–
<i>Water</i>		2	2	–	2	2	–	2	2	–
<i>Sanitation</i>		1	1	–	1	1	–	1	1	–
<i>Refuse</i>										
<i>Other</i>		–	–	228	–	228	–	–	228	–
Clerks (Clerical and administrative)		115	114	–	115	114	–	115	114	–
Service and sales workers		25	19	–	25	19	–	25	19	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		22	22	–	22	22	–	22	22	–
Plant and Machine Operators		81	81	–	81	81	–	81	81	–
Elementary Occupations		362	362	–	362	362	–	362	362	–
<b>TOTAL PERSONNEL NUMBERS</b>	9	1,176	821	283	1,176	1,062	51	1,176	1,062	51
% increase					–	29.4%	(82.0%)	–	–	–
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

## 2.7 Monthly targets for revenue, expenditure and cash flow

**Table 37 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>																
Property rates		4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,274	51,297	54,067	56,986
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		8,767	13,332	16,363	19,913	13,369	9,122	17,836	13,037	8,017	10,220	8,884	6,696	145,557	153,417	161,702
Service charges - water revenue		2,704	3,445	2,692	3,993	3,744	2,805	3,235	3,675	3,511	3,600	4,075	2,631	40,111	42,276	44,559
Service charges - sanitation revenue		2,384	3,438	2,746	3,366	3,172	2,938	2,862	3,162	3,205	3,349	3,661	2,775	37,057	39,058	41,168
Service charges - refuse revenue		2,561	3,107	2,539	3,296	3,175	2,407	2,899	3,263	2,925	3,298	3,519	2,159	35,148	37,045	39,046
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		304	86	87	155	80	46	199	71	173	124	72	25	1,420	1,497	1,578
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors		132	165	192	228	255	232	210	308	200	216	247	114	2,500	2,635	2,777
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		72	90	36	78	54	9	198	123	109	133	97	-	1,000	1,054	1,111
Licences and permits		1	-	-	-	-	-	-	-	-	-	-	-	1	1	1
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		57,051	-	-	-	53,357	-	-	-	53,357	-	-	0	163,765	168,563	166,342
Other revenue		99	109	37	371	688	379	38	214	157	400	64	517	3,074	3,159	3,249
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>78,349</b>	<b>28,048</b>	<b>28,967</b>	<b>35,675</b>	<b>82,169</b>	<b>22,214</b>	<b>31,752</b>	<b>28,127</b>	<b>75,928</b>	<b>25,614</b>	<b>24,893</b>	<b>19,191</b>	<b>480,928</b>	<b>502,772</b>	<b>518,517</b>
<b>Expenditure By Type</b>																
Employee related costs		11,575	11,575	11,575	11,575	11,575	11,575	11,575	11,575	11,575	11,575	11,575	11,575	138,895	146,645	154,891
Remuneration of councillors		870	870	870	870	870	870	870	870	870	870	870	870	10,442	11,006	11,600
Debt impairment		3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000	42,160	44,437
Depreciation & asset impairment		7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	95,000	90,000	90,000
Finance charges		100	100	600	100	100	600	100	100	600	100	100	400	3,000	2,500	2,000
Bulk purchases		9,842	14,967	18,369	22,354	15,008	10,240	20,022	14,635	9,000	11,472	9,973	7,517	163,401	173,859	184,986
Other materials		497	429	-	315	-	141	900	44	21	5,791	-	1,962	10,100	10,645	11,220
Contracted services		680	2,506	434	751	559	568	1,449	387	886	2,478	1,838	2,763	15,300	15,453	16,142
Transfers and grants		3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	38,526	40,607	42,800
Other expenditure		6,395	17,897	8,247	4,385	3,124	7,294	4,015	2,795	2,197	7,200	4,060	5,188	72,797	76,728	80,872
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>44,419</b>	<b>62,804</b>	<b>54,556</b>	<b>54,811</b>	<b>45,697</b>	<b>45,749</b>	<b>53,392</b>	<b>44,866</b>	<b>39,609</b>	<b>53,947</b>	<b>42,876</b>	<b>44,736</b>	<b>587,462</b>	<b>609,603</b>	<b>638,947</b>
<b>Surplus/(Deficit)</b>		<b>33,930</b>	<b>(34,756)</b>	<b>(25,589)</b>	<b>(19,136)</b>	<b>36,472</b>	<b>(23,535)</b>	<b>(21,640)</b>	<b>(16,739)</b>	<b>36,320</b>	<b>(28,333)</b>	<b>(17,984)</b>	<b>(25,544)</b>	<b>(106,533)</b>	<b>(106,831)</b>	<b>(120,430)</b>
Transfers recognised - capital		22,441	-	-	-	15,708	-	-	-	6,732	-	-	1	44,881	47,007	48,744
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>56,371</b>	<b>(34,756)</b>	<b>(25,589)</b>	<b>(19,136)</b>	<b>52,180</b>	<b>(23,535)</b>	<b>(21,640)</b>	<b>(16,739)</b>	<b>43,052</b>	<b>(28,333)</b>	<b>(17,984)</b>	<b>(25,544)</b>	<b>(61,652)</b>	<b>(59,824)</b>	<b>(71,686)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>56,371</b>	<b>(34,756)</b>	<b>(25,589)</b>	<b>(19,136)</b>	<b>52,180</b>	<b>(23,535)</b>	<b>(21,640)</b>	<b>(16,739)</b>	<b>43,052</b>	<b>(28,333)</b>	<b>(17,984)</b>	<b>(25,544)</b>	<b>(61,652)</b>	<b>(59,824)</b>	<b>(71,686)</b>

**Table 38 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		61,458	4,440	4,467	4,503	57,887	4,507	4,484	4,583	57,831	4,491	4,522	4,873	218,046	225,695	226,477
Vote 3 - Planning and Development		0	0	0	1,500	0	0	0	0	0	0	0	23	1,528	1,610	1,697
Vote 4 - Community and Social services		77	77	77	77	77	77	77	77	77	77	77	77	920	970	1,022
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		67	67	67	67	67	67	67	67	67	67	67	67	805	848	894
Vote 7 - Sports and Recreation		33	61	62	110	57	215	141	50	123	88	51	17	1,008	1,062	1,120
Vote 8 - Waste Management		2,561	3,107	2,539	3,296	3,175	2,407	2,899	3,263	2,925	3,298	3,519	2,159	35,148	37,045	39,046
Vote 9 - Waste Water Management		2,384	3,438	2,746	3,366	3,172	2,938	2,862	3,162	3,205	3,349	3,661	2,827	37,109	39,113	41,225
Vote 10 - Road Transport		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Vote 11 - Water		2,704	3,445	2,692	3,993	3,744	2,805	3,235	3,675	3,511	3,600	4,075	2,831	40,311	42,487	44,782
Vote 12 - Electricity		8,767	13,332	16,363	19,913	13,369	9,122	17,836	13,037	8,017	10,220	8,884	7,191	146,052	153,939	162,251
Vote 13 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>78,051</b>	<b>27,968</b>	<b>29,013</b>	<b>36,826</b>	<b>81,549</b>	<b>22,139</b>	<b>31,602</b>	<b>27,914</b>	<b>75,757</b>	<b>25,189</b>	<b>24,855</b>	<b>20,066</b>	<b>480,928</b>	<b>502,772</b>	<b>518,517</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		4,703	3,253	3,790	3,353	3,053	3,590	4,153	3,053	6,090	3,053	3,603	3,590	45,280	46,987	49,226
Vote 2 - Finance and Admin		11,764	12,264	19,314	11,114	11,114	11,614	11,114	11,114	11,614	11,114	11,114	11,413	144,666	150,118	157,344
Vote 3 - Planning and Development		357	357	357	357	357	357	357	357	357	357	357	357	4,282	4,443	4,657
Vote 4 - Community and Social services		1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	21,480	22,289	23,362
Vote 5 - Housing		105	105	105	105	105	105	105	105	105	105	105	105	1,257	1,304	1,367
Vote 6 - Public Safety		1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	13,653	14,169	14,851
Vote 7 - Sports and Recreation		1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	12,429	12,897	13,548
Vote 8 - Waste Management		1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	13,413	13,919	14,582
Vote 9 - Waste Water Management		1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	18,843	19,553	20,494
Vote 10 - Road Transport		8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	102,695	106,565	111,695
Vote 11 - Water		2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	25,686	26,655	27,938
Vote 12 - Electricity		13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	165,768	172,016	180,296
Vote 13 - Technical Services and PMU		1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	18,008	18,687	19,586
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>49,593</b>	<b>48,643</b>	<b>56,230</b>	<b>47,593</b>	<b>47,293</b>	<b>48,330</b>	<b>48,393</b>	<b>47,293</b>	<b>50,830</b>	<b>47,293</b>	<b>47,843</b>	<b>48,130</b>	<b>587,461</b>	<b>609,602</b>	<b>638,947</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>28,458</b>	<b>(20,675)</b>	<b>(27,217)</b>	<b>(10,767)</b>	<b>34,256</b>	<b>(26,192)</b>	<b>(16,791)</b>	<b>(19,379)</b>	<b>24,927</b>	<b>(22,103)</b>	<b>(22,987)</b>	<b>(28,064)</b>	<b>(106,533)</b>	<b>(106,830)</b>	<b>(120,430)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>28,458</b>	<b>(20,675)</b>	<b>(27,217)</b>	<b>(10,767)</b>	<b>34,256</b>	<b>(26,192)</b>	<b>(16,791)</b>	<b>(19,379)</b>	<b>24,927</b>	<b>(22,103)</b>	<b>(22,987)</b>	<b>(28,064)</b>	<b>(106,533)</b>	<b>(106,830)</b>	<b>(120,430)</b>

Table 39 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		61,180	4,465	4,492	4,528	57,912	4,532	4,509	4,608	57,856	4,516	4,547	4,898	218,046	225,695	226,477
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		61,155	4,440	4,467	4,503	57,887	4,507	4,484	4,583	57,831	4,491	4,522	4,873	217,743	225,376	226,140
Corporate services		25	25	25	25	25	25	25	25	25	25	25	25	303	319	337
<i>Community and public safety</i>		177	205	205	254	201	359	285	194	266	232	195	161	2,733	2,881	3,036
Community and social services		77	77	77	77	77	77	77	77	77	77	77	77	920	970	1,022
Sport and recreation		33	61	62	110	57	215	141	50	123	88	51	17	1,008	1,062	1,120
Public safety		67	67	67	67	67	67	67	67	67	67	67	67	805	848	894
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1	1	1	1,501	1	1	1	1	1	1	1	23	1,530	1,612	1,699
Planning and development		0	0	0	1,500	0	0	0	0	0	0	0	23	1,528	1,610	1,697
Road transport		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		16,416	23,322	24,340	30,569	23,460	17,272	26,832	23,136	17,659	20,466	20,138	15,009	258,619	272,585	287,304
Electricity		8,767	13,332	16,363	19,913	13,369	9,122	17,836	13,037	8,017	10,220	8,884	7,191	146,052	153,939	162,251
Water		2,704	3,445	2,692	3,993	3,744	2,805	3,235	3,675	3,511	3,600	4,075	2,831	40,311	42,487	44,782
Waste water management		2,384	3,438	2,746	3,366	3,172	2,938	2,862	3,162	3,205	3,349	3,661	2,827	37,109	39,113	41,225
Waste management		2,561	3,107	2,539	3,296	3,175	2,407	2,899	3,263	2,925	3,298	3,519	2,159	35,148	37,045	39,046
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		77,773	27,993	29,039	36,851	81,574	22,164	31,627	27,939	75,782	25,214	24,881	20,091	480,928	502,772	518,517
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		16,466	15,516	23,104	14,466	14,166	15,204	15,266	14,166	17,704	14,166	14,716	15,004	189,947	197,105	206,570
Executive and council		4,703	3,253	3,790	3,353	3,053	3,590	4,153	3,053	6,090	3,053	3,603	3,590	45,280	46,986	49,226
Budget and treasury office		9,927	10,427	17,477	9,277	9,277	9,777	9,277	9,277	9,777	9,277	9,277	9,577	122,628	127,249	133,374
Corporate services		1,837	1,837	1,837	1,837	1,837	1,837	1,837	1,837	1,837	1,837	1,837	1,837	22,038	22,870	23,970
<i>Community and public safety</i>		4,068	4,068	4,068	4,068	4,068	4,068	4,068	4,068	4,068	4,068	4,068	4,068	48,818	50,659	53,128
Community and social services		1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	1,790	21,480	22,289	23,362
Sport and recreation		1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	12,429	12,897	13,548
Public safety		1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	13,653	14,169	14,851
Housing		105	105	105	105	105	105	105	105	105	105	105	105	1,257	1,304	1,367
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	124,985	129,696	135,939
Planning and development		357	357	357	357	357	357	357	357	357	357	357	357	4,282	4,443	4,657
Road transport		10,059	10,059	10,059	10,059	10,059	10,059	10,059	10,059	10,059	10,059	10,059	10,059	120,703	125,252	131,281
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		18,643	18,643	18,643	18,643	18,643	18,643	18,643	18,643	18,643	18,643	18,643	18,643	223,711	232,142	243,310
Electricity		13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	13,814	165,768	172,016	180,296
Water		2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141	25,686	26,655	27,938
Waste water management		1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570	18,843	19,553	20,494
Waste management		1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	13,413	13,919	14,582
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>		49,593	48,643	56,230	47,593	47,293	48,330	48,393	47,293	50,830	47,293	47,843	48,130	587,461	609,602	638,947
<b>Surplus/(Deficit) before assoc.</b>		28,181	(20,650)	(27,191)	(10,741)	34,281	(26,166)	(16,766)	(19,354)	24,952	(22,078)	(22,962)	(28,039)	(106,533)	(106,830)	(120,430)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	1	28,181	(20,650)	(27,191)	(10,741)	34,281	(26,166)	(16,766)	(19,354)	24,952	(22,078)	(22,962)	(28,039)	(106,533)	(106,830)	(120,430)

**Table 40 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Multi-year expenditure to be appropriated</b>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>		-	-	-	3,000	-	-	-	-	-	-	-	-	3,000	-	-
Vote 1 - Executive and Council		-	-	-	3,000	-	-	-	-	-	-	-	-	3,000	-	-
Vote 2 - Finance and Admin		167	167	167	167	167	167	167	167	167	167	167	167	2,000	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	-	2,500	-	-	-	-	-	-	-	2,500	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	260	-	-	3,500	-	-	-	-	-	-	-	3,760	-	-
Vote 7 - Sports and Recreation		-	-	-	300	200	42	310	680	889	1,050	1,320	1,190	5,981	6,385	-
Vote 8 - Waste Management		-	200	150	90	400	280	350	1,250	2,200	1,500	1,730	1,153	9,303	14,500	-
Vote 9 - Waste Water Management		4,014	3,950	2,286	550	-	-	-	-	1,300	-	-	-	12,100	1,650	-
Vote 10 - Road Transport		750	550	500	434	-	-	-	-	-	644	-	-	2,878	12,321	-
Vote 11 - Water		2,071	1,971	1,871	1,821	1,546	421	421	421	871	421	421	421	12,676	4,100	-
Vote 12 - Electricity		-	-	2,000	1,500	-	-	2,000	-	-	1,750	-	750	8,000	6,000	-
Vote 13 - Technical Services and PMU		166	166	166	166	166	166	166	166	166	166	166	166	1,994	2,050	-
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	7,168	7,264	7,139	8,028	8,479	1,076	3,414	2,684	5,592	5,698	3,804	3,846	64,191	47,007	-
<b>Total Capital Expenditure</b>	2	7,168	7,264	7,139	8,028	8,479	1,076	3,414	2,684	5,592	5,698	3,804	3,846	64,191	47,007	-

**Table 41 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		167	167	167	3,167	167	167	167	167	167	167	167	167	5,000	-	-
Executive and council		-	-	-	3,000	-	-	-	-	-	-	-	-	3,000	-	-
Budget and treasury office		167	167	167	167	167	167	167	167	167	167	167	167	2,000	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	260	-	300	6,200	42	310	680	889	1,050	1,320	1,190	12,241	6,385	-
Community and social services		-	-	-	-	6,000	-	-	-	-	-	-	-	6,000	-	-
Sport and recreation		-	-	-	300	200	42	310	680	889	1,050	1,320	1,190	5,981	6,385	-
Public safety		-	260	-	-	-	-	-	-	-	-	-	-	260	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		750	550	500	434	-	-	-	-	-	644	-	-	2,878	12,321	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		750	550	500	434	-	-	-	-	-	644	-	-	2,878	12,321	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		6,085	6,121	6,306	3,961	1,946	701	2,771	1,671	4,371	3,671	2,151	2,323	42,078	26,250	-
Electricity		-	-	2,000	1,500	-	-	2,000	-	-	1,750	-	750	8,000	6,000	-
Water		2,071	1,971	1,871	1,821	1,546	421	421	421	871	421	421	421	12,676	4,100	-
Waste water management		4,014	3,950	2,286	550	-	-	-	-	1,300	-	-	-	12,100	1,650	-
Waste management		-	200	150	90	400	280	350	1,250	2,200	1,500	1,730	1,153	9,303	14,500	-
<i>Other</i>		166	166	166	166	166	166	166	166	166	166	166	166	1,994	2,050	-
<b>Total Capital Expenditure - Standard</b>	2	7,168	7,264	7,139	8,028	8,479	1,076	3,414	2,684	5,592	5,698	3,804	3,846	64,191	47,007	-

Table 42 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Receipts By Source</b>													1		
Property rates	2,511	2,762	3,370	3,266	3,066	7,356	3,388	2,874	2,746	2,344	2,804	1,984	38,473	43,254	45,589
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	6,575	9,999	12,272	14,935	10,027	6,842	13,377	9,778	6,013	7,665	6,663	5,022	109,168	122,734	129,362
Service charges - water revenue	2,028	2,584	2,019	2,995	2,808	2,103	2,427	2,756	2,634	2,700	3,056	1,973	30,083	33,821	35,647
Service charges - sanitation revenue	1,788	2,579	2,059	2,525	2,379	2,204	2,146	2,371	2,404	2,512	2,746	2,081	27,793	31,246	32,934
Service charges - refuse revenue	1,921	2,330	1,904	2,472	2,381	1,805	2,175	2,447	2,194	2,473	2,639	1,619	26,361	29,636	31,237
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	228	65	65	116	60	35	149	53	129	93	54	18	1,065	1,198	1,262
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	99	124	144	171	191	174	157	231	150	162	185	86	1,875	1,976	2,083
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	54	68	27	59	41	7	149	92	81	100	72	-	750	843	889
Licences and permits	0	-	0	-	-	-	-	-	-	-	-	-	0	0	0
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	57,051	-	-	-	53,357	-	-	-	53,357	-	-	0	163,765	168,563	166,342
Other revenue	74	82	28	278	516	285	29	161	118	300	48	387	2,306	2,527	2,599
<b>Cash Receipts by Source</b>	<b>72,330</b>	<b>20,592</b>	<b>21,890</b>	<b>26,817</b>	<b>74,826</b>	<b>20,810</b>	<b>23,996</b>	<b>20,764</b>	<b>69,826</b>	<b>18,349</b>	<b>18,268</b>	<b>13,172</b>	<b>401,638</b>	<b>435,798</b>	<b>447,944</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	22,441	-	-	-	15,708	-	-	-	6,732	-	-	1	44,881	47,007	48,744
Contributions recognised - capital & Contributed a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>94,770</b>	<b>20,592</b>	<b>21,890</b>	<b>26,817</b>	<b>90,534</b>	<b>20,810</b>	<b>23,996</b>	<b>20,764</b>	<b>76,558</b>	<b>18,349</b>	<b>18,268</b>	<b>13,173</b>	<b>446,519</b>	<b>482,805</b>	<b>496,688</b>
<b>Cash Payments by Type</b>															
Employee related costs	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(10,417)	(125,006)	(128,314)	(139,980)
Remuneration of councillors	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(9,398)	(9,630)	(1,015)
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	(46,780)	(957)	(819)	(14,077)	(17,961)	(37,307)	(1,047)	(933)	(894)	(13,942)	(124)	(945)	(135,786)	(140,463)	(153,899)
Bulk purchases - Water & Sewer	(631)	(1,378)	(631)	(1,017)	(2,127)	(631)	(902)	(631)	(631)	(2,006)	(59)	(631)	(11,275)	(11,664)	(12,410)
Other materials	(447)	(387)	-	(283)	-	(127)	(810)	(39)	(19)	(5,212)	-	(1,766)	(9,090)	(9,314)	(9,818)
Contracted services	(612)	(2,256)	(391)	(676)	(503)	(511)	(1,304)	(348)	(797)	(2,230)	(1,655)	(2,487)	(13,770)	(13,521)	(14,124)
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(38,526)	(40,607)	(42,800)
Other expenditure	(5,756)	(16,107)	(7,423)	(3,947)	(2,812)	(6,565)	(3,614)	(2,515)	(1,977)	(6,480)	(3,654)	(4,669)	(65,517)	(67,137)	(70,763)
<b>Cash Payments by Type</b>	<b>(68,637)</b>	<b>(35,494)</b>	<b>(23,674)</b>	<b>(34,411)</b>	<b>(37,814)</b>	<b>(59,552)</b>	<b>(22,088)</b>	<b>(18,878)</b>	<b>(18,729)</b>	<b>(44,281)</b>	<b>(19,902)</b>	<b>(24,908)</b>	<b>(408,368)</b>	<b>(420,651)</b>	<b>(444,809)</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	(7,168)	(7,264)	(7,139)	(8,028)	(8,479)	(1,076)	(3,414)	(2,684)	(5,592)	(5,698)	(3,804)	(3,868)	(64,213)	(47,007)	(48,744)
Repayment of borrowing	(100)	(100)	(600)	(100)	(100)	(600)	(100)	(100)	(600)	(100)	(100)	(400)	(3,000)	(2,500)	(2,000)
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>(75,905)</b>	<b>(42,858)</b>	<b>(31,413)</b>	<b>(42,539)</b>	<b>(46,393)</b>	<b>(61,227)</b>	<b>(25,602)</b>	<b>(21,661)</b>	<b>(24,921)</b>	<b>(50,079)</b>	<b>(23,806)</b>	<b>(29,176)</b>	<b>(475,581)</b>	<b>(470,158)</b>	<b>(495,553)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>170,675</b>	<b>63,450</b>	<b>53,303</b>	<b>69,356</b>	<b>136,926</b>	<b>82,037</b>	<b>49,598</b>	<b>42,425</b>	<b>101,479</b>	<b>68,428</b>	<b>42,074</b>	<b>42,349</b>	<b>922,100</b>	<b>952,963</b>	<b>992,241</b>
Cash/cash equivalents at the month/year begin:	46,315	216,990	280,440	333,742	403,099	540,025	622,062	671,660	714,085	815,564	883,992	926,066	46,315	968,415	1,921,378
Cash/cash equivalents at the month/year end:	216,990	280,440	333,742	403,099	540,025	622,062	671,660	714,085	815,564	883,992	926,066	968,415	968,415	1,921,378	2,913,619



## **2.8 Annual budgets and SDBIPs – internal departments**

**To be inserted**

## **2.9 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.10 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 43 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		30,439	–	913	27,602	49,002	49,002	28,853	38,571	–
Infrastructure - Road transport		11,759	–	–	1,102	1,102	1,102	–	12,321	–
Roads, Pavements & Bridges		11,759			1,102	1,102	1,102	–	12,321	
Storm water										
Infrastructure - Electricity		8,870	–	–	20,000	20,000	20,000	8,000	6,000	–
Generation										
Transmission & Reticulation		8,870			20,000	20,000	20,000	8,000	6,000	
Street Lighting										
Infrastructure - Water		–	–	–	6,500	6,500	6,500	5,050	4,100	–
Dams & Reservoirs										
Water purification					6,500	6,500	6,500	5,050	4,100	
Reticulation										
Infrastructure - Sanitation		7,000	–	913	–	21,400	21,400	6,500	1,650	–
Reticulation		7,000		–		21,400	21,400	6,500	1,650	
Sewerage purification				913						
Infrastructure - Other		2,810	–	–	–	–	–	9,303	14,500	–
Waste Management		2,810						9,303	14,500	
Transportation										
Gas										
Other										
	2									
	3									
Community		6,220	–	7,825	7,302	7,302	7,302	7,705	8,436	–
Parks & gardens		2,000								
Sportsfields & stadia				7,825	4,908	4,908	4,908	5,711	6,385	
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency		–								
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other		4,220			2,394	2,394	2,394	1,994	2,050	
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other										
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	4,000	–	–	–	11,260	–	–
General vehicles				4,000				3,000		
Specialised vehicles		–	–	–	–	–	–	6,000	–	–
Plant & equipment										
Computers - hardware/equipment								260		
Furniture and other office equipment								2,000		
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	36,659	–	12,738	34,904	56,304	56,304	47,817	47,007	–
Specialised vehicles		–	–	–	–	–	–	6,000	–	–
Refuse										
Fire								6,000		
Conservancy										
Ambulances										

**Table 44 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		32,029	–	42,616	35,289	35,289	29,289	16,104	–	–
Infrastructure - Road transport		–	–	–	8,500	8,500	2,500	2,878	–	–
Roads, Pavements & Bridges					8,500	8,500	2,500	2,878		
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		10,308	–	32,094	13,193	13,193	13,193	7,626	–	–
Dams & Reservoirs										
Water purification		10,308		23,181	13,193	13,193	13,193	7,626		
Reticulation				8,913						
Infrastructure - Sanitation		21,720	–	8,000	13,596	13,596	13,596	5,600	–	–
Reticulation								5,600		
Sewerage purification		21,720		8,000	13,596	13,596	13,596			
Infrastructure - Other		–	–	2,522	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3			2,522						
Community		–	–	–	3,696	3,696	3,696	270	–	–
Parks & gardens										
Sportsfields & stadia					3,696	3,696	3,696	270		
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing	7									
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	–	–	–	–	–	–
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing	1	32,029	–	42,616	38,985	38,985	32,985	16,374	–	–
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		46.6%	0.0%	77.0%	52.8%	40.9%	36.9%	25.5%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		28.5%	0.0%	43.8%	1772.0%	1772.0%	1499.3%	17.2%	0.0%	0.0%

Table 45 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		25,452	12,685	12,838	6,800	7,350	7,350	7,350	7,747	8,165
Infrastructure - Road transport		5,769	2,916	1,859	1,300	1,100	1,100	3,000	3,162	3,333
Roads, Pavements & Bridges		5,769	2,916	1,859	1,300	1,100	1,100	3,000	3,162	3,333
Storm water										
Infrastructure - Electricity		6,350	3,210	3,574	1,800	2,000	2,000	2,000	2,108	2,222
Generation										
Transmission & Reticulation		6,350	3,210	3,574	1,800	2,000	2,000	2,000	2,108	2,222
Street Lighting										
Infrastructure - Water		3,557	1,617	1,731	2,200	2,600	2,600	1,600	1,686	1,777
Dams & Reservoirs										
Water purification		3,200	1,617	1,731	1,200	1,350	1,350	350	369	389
Reticulation		358			1,000	1,250	1,250	1,250	1,318	1,389
Infrastructure - Sanitation		4,446	2,247	2,596	1,400	1,550	1,550	500	527	555
Reticulation		3,064	1,549	2,596	1,400	1,550	1,550	500	527	555
Sewerage purification		1,382	699							
Infrastructure - Other		5,330	2,694	3,079	100	100	100	250	264	278
Waste Management		4,630	2,340	2,895						
Transportation										
Gas										
Other		700	354	183	100	100	100	250	264	278
Community		8,522	4,098	1,690	810	1,010	1,010	1,840	1,939	2,044
Parks & gardens		1,354	684							
Sportsfields & stadia					210	210	210	700	738	778
Swimming pools		415						230	242	256
Community halls		2,452	1,239	890				410	432	455
Libraries		202	102							
Recreational facilities		2,021	1,022							
Fire, safety & emergency		1,328	671	800						
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries		543	274		450	650	650			
Social rental housing		207	105							
Other					150	150	150	500	527	555
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		3	-	-	-	-	-	-	-	-
Housing development		3								
Other										
Other assets		2,784	1,798	6,449	12,816	12,861	12,861	5,750	6,061	6,388
General vehicles					5,000	4,415	4,415	2,500	2,635	2,777
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment					1,200	1,200	1,200	1,400	1,476	1,555
Computers - hardware/equipment								-	-	-
Furniture and other office equipment					4,666	5,696	5,696	350	369	389
Abattoirs								-	-	-
Markets								-	-	-
Civic Land and Buildings								1,500	1,581	1,666
Other Buildings					1,000	800	800			
Other Land		129	65		750	750	750			
Surplus Assets - (Investment or Inventory)										
Other		2,655	1,733	6,449						
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	36,762	18,581	20,977	20,226	21,221	21,221	14,940	15,747	16,597
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		3.0%	1.7%	0.0%	1.3%	1.4%	1.4%	1.0%	-17.5%	-18.4%
R&M as % Operating Expenditure		8.2%	3.7%	3.5%	4.4%	4.8%	4.8%	2.5%	2.6%	2.6%

Table 46 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Waste water Management/Sewerage		Heilbron: Upgrading of sewer treatment works	FS0623/S/08/10		Yes	Infrastructure - Sanitation	Sewerage purification		56,430		10,856	4,500	400	-		Renewal
Waste water Management/Sewerage		Parys: Upgrading of sewer treatment works	FS0624/S/08/10		Yes	Infrastructure - Sanitation	Sewerage purification		85,500		2,740	1,100	-	-		Renewal
Water		Parys: Refurbishment and upgrading of water supply	FS0714/W/09/09		Yes	Infrastructure - Water	Water purification		31,896		13,193	7,626	300	-		Renewal
Sports and Recreation		Koppies: Refurbishment of tennis court	S0950/CF/12/13		Yes	Community	Sportsfields & stadia		1,000		100	60	-	-		Renewal
Sports and Recreation		Phirilonia: Construction of sports complex	S0952/CF/13/13		Yes	Community	Sportsfields & stadia		4,200		2,358	41	-	-		New
Sports and Recreation		Schonkenville: Refurbishment of sports fields	S0953/CF/12/14		Yes	Community	Sportsfields & stadia		4,622		1,896	210	-	-		Renewal
Roads		Edenville: Paving of internal roads 1 KM	S0954/R,ST/13/14		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		6,559		576	322	-	-		Renewal
Roads		Koppies: Paving of internal roads 1KM	S0955/F,ST/13/14		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		6,559		526	322	-	-		Renewal
Water		Vrededorst: Sewer connection in Mokwal	yet registered		Yes	Infrastructure - Sanitation	Reticulation		27,897		6,500	6,500	1,250	-		New
Sports and Recreation		Edenville: Construction of sports facility	S0991/CF/13/15		Yes	Community	Sportsfields & stadia		5,494		1,250	-	5,094	400		New
Sports and Recreation		Kw akwatsi: Construction of sports facility	S0992/CF/13/15		Yes	Community	Sportsfields & stadia		7,412		1,300	5,670	1,292	450		New
Roads		Parys: Upgrade of low level bridge in Nso999R, ST/13/14			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		4,184		2,500	2,234	250	-		Renewal
Waste management		Construction of a solid waste disposal site	yet registered			Infrastructure - Other	Waste Management		6,500			6,200	300	-		New
Waste management		Construction of a solid waste disposal site	yet registered			Infrastructure - Other	Waste Management		11,500			3,103	8,000	397		New
Water		Heilbron installation of 950 residential meters	yet registered			Infrastructure - Water	Reticulation		4,000			-	3,800	200		New
Roads		Phirilonia Upgrade of low level bridge	Not yet registered			Infrastructure - Road transport	Roads, Pavements & Bridges		6,500			-	6,100	400		New
Parent Capital expenditure	1											37,887	26,785	1,847		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										-	43,795	37,887	26,785	1,847		

## 2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from March 2013. The remaining four have completed their two year contract on 19 March 2014, and their contract have been extended for a further year. Four additional interns will be appointed with effect from 1 May 2014.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
The municipality is utilising the services of the Fezile Dabi District Municipality audit committee in a shared agreement. The audit committee is functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing. Interns have completed the training.
8. Policies  
Budget related policies are reviewed annually, the policies are sent for public participation.

## 2.12 Municipal manager's quality certificate

I ....., municipal manager of Ngwathe Local Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the draft Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Ngwathe Local municipality (FS203)

Signature \_\_\_\_\_

Date \_\_\_\_\_